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IN THE

Supreme Court of the United States

October Term, 1979

No. 79-837

MILLER BREWING COMPANY,
Petitioner,

v.

JOS. SCHLITZ BREWING COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioner Miller Brewing Company ("Miller") respectfully prays that a writ of certiorari be issued to review the judgment of the United States Court of Appeals for the Seventh Circuit entered in the above proceeding.

Opinions Below

The Opinion by the Court of Appeals is unreported as of this writing. It is printed in Appendix A hereto.

The Opinion of the District Court which was reviewed in the Opinion below is reported at 449 F.Supp. 852 and is printed in Appendix B hereto.

The Opinion of the Court of Appeals in *Miller* v. *Heileman,* which the Opinion below held to be a collaterally estopping decision, is reported at 561 F.2d 75 and is printed in Appendix C hereto. The Opinions of the District Court which were reviewed in *Miller* v. *Heileman* are reported at 427 F.Supp. 1192 and 1204 and are printed in Appendix D hereto.

Jurisdiction

The Judgment of the Court of Appeals was dated and entered September 6, 1979. The Jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

Questions Presented

1. Whether the erroneous reversal of the grant of a preliminary injunction, on factual grounds neither litigated before nor considered by the District Court, collaterally estops litigation of that factual issue in another suit.

2. Whether, as a matter of collateral estoppel or otherwise, the conclusion can be justified that a brand name is "generic" (and not a valid trademark) rather than "descriptive" (and thus subject to being a valid trademark) because it has been used extensively in a *descriptive* manner.

3. Whether, even if the adjective-noun combination "light beer" is generic, seven- and nine-year old registrations of the phonetic equivalent of the adjective alone, LITE, continuously used and relied upon by its owners, should be cancelled.

Constitutional Provisions and Statutes

The Fifth Amendment to the Constitution of the United States provides, insofar as it is pertinent here, that "No person shall . . . be deprived of . . . property, without due process of law."

The following statutes and their official citations are printed in Appendix E hereto: Lanham Trademark Act Sections 2(d), (e) and (f), 7(b), 10, 12(a), 13, 14, 32(1), 33(a), 33(b)(4) and 43(a), respectively 15 U.S.C. Sections 1052(d), (e) and (f), 1057(b), 1060, 1062(a), 1063, 1064, 1114(1), 1115(a), 1115(b)(4) and 1125(a).

Statement of the Case

The commercial background underlying these litigations is both critical and undisputed.

Meister Brau, Inc., a Chicago brewer, began brewing and selling reduced calorie beer under the brand name LITE in May, 1967. Meister Brau subsequently obtained registrations on the Principal Register of the United States Patent Office of LITE as a trademark for beer with no available carbohydrates.[1]

1. Those Registrations which remain have been since amended to cover "beer with reduced caloric content."

In 1972, Meister Brau, shortly prior to its bankruptcy, sold its LITE trademarks, their registrations and accompanying good will to Miller, which continued selling LITE beer for a time in Meister Brau's marketing area. Concurrently, beginning in 1973, Miller began test marketing a reformulated LITE in new packaging (reproduced below) promoted by new advertising.

In its now familiar label, LITE quickly attained a public acceptance unprecedented for reduced calorie beer. Sales rose from 100,000 barrels in 1973, LITE's first year in test markets, to more than four million barrels in 1976, only its second year of nationwide distribution. Advertising support rose from $500,000 in 1973 test markets to more than twelve million dollars in 1976. (Since then, annual sales volume and advertising investment have more than doubled again.)

A Miller survey showed "that between December, 1975 and March, 1976, a substantial percentage of beer drinkers

perceived LITE (43%), Miller LITE (11%) or LITE from or by Miller (1%) as a distinct brand name indicative of a low-calorie or less filling beer."[2] See *Miller* v. *Heileman,* 561 F.2d 75, 77, Appendix C p. 25a (7th Cir. 1977), *cert. denied* 434 U.S. 1025 (1978).

Success bred imitation. On *October 31, 1975,* less than ten months after Miller's nationwide introduction of LITE, this action was commenced in the Eastern District of Wisconsin to enjoin Jos. Schlitz Brewing Co. ("Schlitz") from introducing its reduced-calorie beer under the labelling shown below.

2. Indeed, as early as 1969, a Schlitz Executive Vice President had acknowledged in writing that "Everyone in the beer business is well aware that 'LITE' is the distinctive brand name for beer introduced by Meister Brau." Appellant's Record on Appl. A-8.

Trademark infringement, false representation of origin (15 U.S.C. §1125(a)) and unfair competition were alleged. Jurisdiction was founded on 28 U.S.C. §1338.

One year later, on November 1, 1976, Miller filed a similar action in the Western District of Wisconsin against G. Heileman Brewing Co. ("Heileman"), simultaneously moving for a preliminary injunction.

(The opinion below incorrectly states that at the time *Heileman* was commenced, Miller had previously sued Schlitz and "six . . . other competitors"—Appendix A

p. 2a[3]; it also states that Miller sought a preliminary injunction against Heileman "despite the extensive preparation that had already gone into the *Schlitz* case"—Appendix A p. 4a[4].)

Miller's motion for a preliminary injunction against Heileman was heard on supporting and answering affidavits, briefs and oral argument. The hearing was not consolidated with a trial on the merits as is permitted by Fed. R. Civ. P. 65(a)(2), and the District Court, in making its findings of fact, carefully limited them as being

3. On October 31, 1975, Miller also filed suits against Genesee Brewing Company of Rochester, New York (S.D.N.Y. 75 Civ. 5443) and Peter Hand Brewing Company of Chicago (N.D. Ill. 75C 3573). By November 1, 1976, Genesee had significantly modified its labelling, and Peter Hand was an insignificant brewer (that since has gone out of business). *Subsequent* to the commencement of *Heileman*, Miller filed suits against Pittsburgh Brewing Co. and 9-0-5 Stores, Inc. (E.D. Mo. 77-0104-C(4)), Erie (Penna.) Brewing Co. (W.D. Pa. 77-18 Erie), Olympia Brewing Company of Olympia, Washington (W.D. Wash. C. 77 65T), Rheingold Breweries, Inc. of Orange, New Jersey (D.N.J. 77-1405), Rainier Brewing Company of Seattle (W.D. Wash. C77-519) and General Brewing Company of San Francisco (N.D. Cal. C 79 0797 AJZ) and was sued for a declaratory judgment by Anheuser-Busch, Inc. in St. Louis (E.D. Mo. 77-0100(c)(2)).

4. The "short record" certified to the Court below shows that on November 1, 1976, when *Heileman* was commenced, 4 sets of interrogatories had been answered, there had been responses to 3 sets of requests for admissions, and 12 depositions had been taken in *Schlitz*. After November 1, 1976, there were responses to 8 more sets of requests for admissions, and 31 more depositions were taken. While there had been extensive discovery in *Schlitz* by the time *Heileman* was commenced, more remained than had been completed.

The lingering concern of the Court below as to why Miller chose to seek preliminary relief against Heileman instead of Schlitz is easily answered. When Heileman broke the status quo in the industry, while *Schlitz* was moving toward trial, Miller believed itself entitled to protection pending the *Schlitz* determination. Miller's burden was not to try its case against Heileman, but to establish probability of success based on the case as it then stood. As will be seen, Miller met that burden to the satisfaction of the District Court.

"[f]or purposes of this motion only." 427 F.Supp. at 1195, Appendix D p. 36a.

Among the issues (preliminarily) assessed on the motion for preliminary injunction was what kind of terms LITE and "light" are for beer.

Despite some semantic confusion, all parties and courts below agree upon four possible categories and their attendant trademark consequences, if not on the precise nomenclature for them. See Appendix A pp. 6a-8a, footnotes 7, 8.

(1) generic [e.g. "beer" or "ale"], in which event a term is not susceptible to protection as a trademark;

(2) descriptive [e.g. "delicious" or "sparkling"] in which event a term is susceptible to limited protection as a trademark only if it has acquired distinctiveness or "secondary meaning"[5];

(3) suggestive, normally of a desirable characteristic [e.g. BLUE RIBBON—suggesting a prize winner—or RHEINGOLD—suggesting the "golden" fruit of the Rhine] in which case a term is susceptible to trademark protection at the outset; and

5. The limits of protection afforded such trademarks are spelled out in Section 33(b)(4) of the Trademark Act, 15 U.S.C. §1115(b)(4), which permits others to use words comprising registered trademarks if such use is (i) non-trademark, (ii) good faith, (iii) descriptive use. Miller conceded that Schlitz and Heileman could use "light" within those parameters; but the uses in issue plainly constitute trademark (brand name) use, and may well fall outside the good faith descriptive requirements also.

(4) arbitrary [e.g. ROLLING ROCK or TECH], which carries the same consequences as (3).

It was the District Court's (and Miller's) understanding that "Defendant [Heileman] contend[ed] that Miller's trademark [LITE] is defective because it is merely descriptive." 427 F. Supp. at 1199, Appendix D p. 44a.[6] The District Court held LITE and "light" to be suggestive for reduced calorie beer (albeit "light" was recognized to be descriptive of other types), but found that even if they were descriptive, secondary meaning in LITE had been shown. 427 F. Supp. 1199-1201, Appendix D pp. 46a-49a. For these and other reasons, the District Court granted Miller's motion for a preliminary injunction against Heileman.

Heileman appealed. On appeal, the Court of Appeals reversed the grant of the preliminary injunction issued "[o]n the basis of affidavits and other written material" (561 F.2d at 78, Appendix C p. 26a), stating, *inter alia*:

6. We recognize that the Opinion below states: "Miller also argues that whether 'LITE' was generic was not focussed upon in the district court in *Heileman*. This is belied by the description of the district court's holding in the brief Miller submitted to this court in that case." Appendix A p. 8a, note 8. What the District Court "focussed upon" in *Heileman* is best shown by its opinion, not upon what Miller (or anyone else) may have said about it subsequently. That opinion (Appendix D) reflects no focus whatever on the question whether LITE or "light" is generic. (For that matter, the Court's vague reference to Miller's brief, which it quotes and cites by page for other purposes, is baffling upon a rereading of that brief. Had the Court searched the *Heileman* record, it would have discovered that Heileman counsel, before the District Court, conceded that LITE was the type of mark that could, upon acquisition of secondary meaning, acquire trademark status—true of descriptive terms, but not of generic names.) Only on rehearing, did the District Court (or Miller) recognize any attempt by Heileman to raise the issue that "light" was generic, and then it was in the context that users (and defendants in other suits, such as Schlitz) had caused the term to become generic, not that it was generic *ab initio*. This contention was rejected as unproven by Heileman on the then-extant record. 427 F.Supp. 1206-07, Appendix D pp. 58a-59a.

> because "light" is a generic or common descriptive word when applied to beer, neither that word nor its phonetic equivalent may be appropriated as a trademark for beer. 561 F.2d at 77, Appendix C p. 24a.

Three considerations are critical to evaluating the significance of that *Heileman* opinion: *First,* the criterion for determining a term is generic is basically factual—the fact of public understanding of the meaning of the term[7]; *Second,* the stated bases for the Appellate Court's determination in *Heileman* that "light" is generic for beer bear almost no relation to that factual question of public understanding[8]; *Third,* the authorities expressing an opinion of *Heileman* agree unanimously that it is wrong.[9]

Miller sought certiorari of the Court of Appeals' reversal of the preliminary injunction. Certiorari was denied without disclosure of any reason. 434 U.S. 1025 (1978). At that time, however, it was not certain that the judgment reversing a preliminary injunction was intended as a final determination of the merits in *Heileman* or elsewhere, and the authorities had yet to condemn the decision.

Schlitz moved for summary judgment on Miller's trademark infringement and unfair competition claims[10] and sought cancellation of Miller's registrations of LITE on the ground that *Heileman* collaterally estopped Miller from

7. See p. 13, *infra.*

8. See pp. 13-14, *infra.*

9. See pp. 28-32, *infra.*

10. There was also a disparagement claim based on early Schlitz advertising for its LIGHT brand of beer.

asserting any trademark rights in LITE.[11] Conceding the applicability of the principles established in *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402 U.S. 313 (1971), the District Court granted the motion. 449 F.Supp. 852, Appendix B.

Miller appealed. The author of the *Heileman* appellate decision wrote the opinion affirming the District Court's decision in *Schlitz* as to Miller's trademark infringement claims, but remanding for possible prosecution of amended unfair competition claims based upon something other than Miller's trademark rights in LITE. Appendix A. In affirming, the Court below (1) held that Miller had been afforded a full and fair hearing in *Heileman* on the issue of whether "light" is generic, (2) that the *Heileman* reversal of a preliminary injunction was sufficiently "final" for collateral estoppel purposes, and (3) that its *Heileman* decision not only grasped the issues involved, but resolved them correctly.

Reasons for Granting the Writ

The basic reason why this writ should be granted is that otherwise Miller, without fair opportunity for a factual hearing, will be deprived of valuable property by misapplication of substantive law in a fundamental area in which this Court has not spoken for more than forty years, over thirty of which have passed since the current statute came into force.

11. Schlitz also moved, on massive papers, for summary judgment, on the ground that the record proved "light" to be generic; both the District Court and Court of Appeals declined to entertain any such motion for summary judgment.

1. The decision below conflicts with principles established in this Court as well as in other Courts of Appeals by giving collateral estoppel effect to a factual conclusion made on appeal of a motion in which that factual question was neither at issue nor subject to proof.

The conclusion of the Court below is that Miller must lose its trademark claims against Schlitz because "light" is "generic" for beer. The determination that a term is "generic" is a factual one, the burden of proof of which rests upon the defendant (see Reason 1. A., *infra*). The basis for that factual determination that "light" is "generic" is not the record in *Schlitz;* it is the collateral estoppel effect of the same Court's—indeed, the same Judge's —earlier decision to that effect in *Heileman.* The *Heileman* determination that "light" was "generic" was reached on appeal; that factual issue had not been considered by, or even recognized as being addressed to, the trial court which granted Miller's motion for a preliminary injunction.[12] During the preliminary injunction proceedings in *Heileman,* which comprised affidavits and arguments of law, both oral and written, Miller had introduced evidence to overcome Heileman's anticipated defense that "light" was unprotectable because it was descriptive, evidence that even the appellate Court conceded was sufficient.[13]

12. See p. 9, *supra,* at footnote 6.

13. 561 F.2d at 80, n.6; Appendix C p. 30a, n.6.

A. Whether a term is "generic" involves a factual inquiry, the burden of persuasion of which is upon the challenger of the trademark.

In determining whether a term is generic, Judge Learned Hand's criterion has been uniformly accepted for more than half a century:

> The single question, as I view it, in all these cases, is merely one *of fact*: What do the buyers understand by the word for whose use the parties are contending? *Bayer Co.* v. *United Drug Co.,* 272 Fed. 505, 509 (S.D.N.Y. 1921), emphasis added.

It is still accepted law that the fact of public understanding is the test. See 3 Callman, Unfair Competition Trademarks and Monopolies, §74.2, p. 237 at text prior to n.71 (3d ed. 1969); 1 McCarthy, Trademarks and Unfair Competition §12.2(A), pp. 406-7 (1973); Gilson, Trademark Protection and Practice §2.02 (1), p. 2-11 (1978); Pattishall & Hilliard, Trademarks, Trade Identity and Unfair Trade Practices, §3.23(1), p. 3-25 (1974); Seidel-Dubroff-Gonda, Trademark Law and Practice §6.04, p. 174 (1963).

The stated criteria relied upon by the Appellate Court in *Heileman* to ascertain that "light" is "generic" rather than descriptive shed notably little light on the factual issue of public understanding. (See 561 F.2d at 80-81, Appendix C pp. 31a-33a.) They comprise: (1) the observation that "light" had long been used to *describe* various characteristics of beers; (2) dictionary definitions, as well as unidentified and undescribed references on chemical terminology, industry publications and magazines and newspapers; (3) use of "light" in various state statutes (mostly for wine rather than beer); (4) descriptive use

of "light" in other contexts; and (5) an earlier decision, involving Miller's corporate parent, holding "lights" descriptive of (but not generic for) cigarettes.[14]

That a would-be trademark is generic is a matter of affirmative defense. This is clear from Section 33(a) of the Trademark Act, 15 U.S.C. §1115(a), which provides, in pertinent part, that

> Any registration . . . of a mark registered on the principal register [Miller owns two such registrations of LITE] . . . and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods . . . specified in the registration . . . , but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.[15]

14. Philip Morris, Inc. v. R.J. Reynolds Tobacco Co., 188 U.S.P.Q. 289 (S.D.N.Y. 1975).

15. See also:

"In the Lanham Act Congress made it clear that weight should be accorded to the actions of the Patent Office. The Act provided that 'A certificate of registration of a mark * * * shall be prima facie evidence of the validity of the registration * * *.' 15 U.S.C.A. §1057(b). We are of the opinion that this means not only that the burden of going forward is upon the contestant of the registration but that there is a strong presumption of validity so that the party claiming invalidity has the burden of proof and in order to prevail it must put something more into the scales than the registrant." *Aluminum Fab. Co. of Pittsburgh* v. *Season-All W. Corp.*, 259 F.2d 314, 316 (2d Cir. 1958). Here, Miller owned registrations (dismissed as irrelevant, on grounds no longer valid, by the Court of Appeals in *Heileman—supra* p. 3, note 1 and see Appendix C pp. 27a-28a). Heileman, before the District Court, put virtually nothing into the scales on the question whether "light" is generic; Miller responded by doing likewise. It was only on appeal, after Miller's opportunity to introduce much of its evidence on this point and have it weighed had passed, that the Court marshalled its "evidence" and decided that it tipped the balance.

Thus while the Court below observes "Miller was not foreclosed from offering any evidence it chose in support of its motion for preliminary injunction in the *Heileman* case" (Appendix A p. 9a), the "generic" question was one of affirmative defense which neither the trial Court nor Miller understood Heileman to be raising. So while Miller theoretically had the opportunity, in *Heileman,* to introduce evidence rebutting the generic defense (or any of the myriad of other factual or legal defenses that conceivably could have been raised) it had no occasion to do so.

B. The prerequisites for collateral estoppel are not met.

This fundamental unfairness of condemning Miller to eternal defeat on factual grounds it had no occasion to litigate conflicts with well established safeguards built into the law of collateral estoppel.

Collateral estoppel is designed to preclude a party's relitigation of an issue "fully litigated and lost" so that he will not have "more than one full and fair opportunity for judicial resolution of the same issue." *Parklane Hosiery Co.* v. *Shore,* 439 U.S. 322, 328 (1979) quoting *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402 U.S. 313, 328-29 (1971). Collateral estoppel is not designed, or fairly employed, to preclude the litigation of factual issues that initially seem unpromising to a Court before they have been tried.

One of the safeguards repeatedly recognized in the landmark *Blonder-Tongue* decision is that the collaterally estopped party must have received a "full and fair opportunity" to be heard in the first proceeding.

> . . . the requirement of determining whether the party against whom an estoppel is asserted had a full and fair opportunity to litigate is a most significant safeguard. 402 U.S. at 329.

Due process, it is explained, prohibits estopping those who never had a chance to present their evidence or arguments (in that instance, non-parties to the earlier suit). *Id.*[16] As was explained in *Blonder-Tongue*—

> . . . we should keep firmly in mind that we are considering the situation where the patentee was plaintiff in the prior suit and chose to litigate at that time and place. Presumably he was prepared to litigate and to litigate to the finish against the defendant there involved. Patent litigation characteristically proceeds with some deliberation and, with the avenues for discovery available under the present rules of procedure, there is no reason to suppose that plaintiff patentees would face either surprise or unusual difficulties in getting all relevant and probative evidence before the court in the first litigation.
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> • • •
>
> Determining whether a patentee has had a full and fair chance to litigate the validity of his patent in an earlier case is not a simple matter. In addition to the considerations . . . mentioned above, certain other factors immediately emerge. For example, . . . whether without fault of his own the patentee was deprived of crucial evidence or witnesses in the first litigation. 402 U.S. at 332-33.

16. ". . . The basic elements of such a [fair and full] hearing include the right of each party to be apprized of all the evidence upon which a factual adjudication rests, plus the right to examine, explain or rebut all such evidence." *Carter* v. *Kubler*, 320 U.S. 243, 247 (1943). Similarly see *United States* v. *Dillman*, 146 F.2d 572, 574 (5th Cir. 1944), *cert. denied*, 325 U.S. 870 (1945). These cases dealt with factual determinations made on the basis of extra-judicial evidence; here, the principle is no different.

By these criteria, Miller did not have a full and fair hearing in *Heileman* on the question of whether "light" is generic. *Heileman* did not, at its preliminary injunction stage, proceed with the deliberation characteristic of patent litigation. There was no discovery. There was no occasion to place before the Court "all relevant and probative evidence" on the generic issue. Miller has never had an opportunity to "examine, explain or rebut" considerable of the "evidence" relied upon by the Appellate Court in *Heileman* to conclude that "light" was generic.

Other Courts of Appeals also have established safeguards for the application of collateral estoppel that were not met here.

International Ass'n. of Mach. & Aero. Wkrs. v. *Nix*, 512 F.2d 125 (5th Cir. 1975) sets forth three requirements for the application of collateral estoppel: "(1) the issue to be concluded must be identical to that involved in the prior action; (2) in the prior action the issue must have been 'actually litigated'; and (3) the determination made of the issue in the prior action must have been necessary and essential to the resulting judgment." 512 F.2d at 132. While there is no doubt as to the "identity of issue" between the *Heileman* and *Schlitz* cases, the question whether "light" is generic for beer was not "actually litigated," only argued (for the first time) on appeal in *Heileman*. Nor was determination on appeal that "light" is generic "necessary and essential" to the appellate reversal of the preliminary injunction; merely raising the question and holding that it made likelihood of success uncertain on the

merits would have sufficed, remanding the question for later determination on the basis of evidence.[17]

By the standards of another Court of Appeals, then, *Heileman* cannot be afforded preclusive effect in this case. See also *State of N.C.* v. *Chas. Pfizer & Co., Inc.*, 537 F.2d 67 (4th Cir. 1976) in which a prior F.T.C. determination of fraud in patent procurement, affirmed by a Court of Appeals, was denied collateral estoppel effect in a subsequent civil suit because the F.T.C. hearing did not afford the respondent a "fair opportunity procedurally, substantively and evidentially" to litigate the issue. If an extended administrative hearing, with different burdens of proof and different procedural and evidentiary rules, could not serve as a basis for collateral estoppel, then the reversal, based largely on judicial notice, of a summary preliminary injunction proceeding in which the ground for reversal was neither litigated nor decided, can hardly do so.

Nationwide Amusements, Inc. v. *Nattin*, 452 F.2d 651 (4th Cir. 1971) reversed the dismissal of an action after the hearing of a preliminary injunction motion.

17. See and compare: *Dallas Cowboys Cheerleaders, Inc.* v. *Scoreboard Posters, Inc.*, 600 F.2d 1184 (5th Cir. 1979), a recent copyright infringement case which takes a view of proper appellate review of preliminary injunctions contrary to that of the Court below in explaining the impact of its review in *Heileman*:

> A preliminary injunction may issue, however, despite the existence of a plausible defense as long as the movant demonstrates a substantial likelihood of success. . . . Our appellate function is not to try this case in the first instance but to review the discretion of the district judge in light of what was put before him. [Our holding that the district court was correct in determining that the plaintiffs enjoyed a substantial likelihood of success on the merits in no way intimates any view concerning the correct outcome of this litigation when it is fully tried.] 600 F.2d at 1188-89.

> . . . We believe that under the circumstances of this case the district court erred in dismissing the suit on the merits when it was before the court only on a motion for preliminary injunction. We realize that a number of witnesses appeared for appellant, that the case was developed in some detail, and that the issues presented by the motion for preliminary injunction were similar if not the same as those raised for final determination. Nevertheless, we are concerned that appellant may have been denied his full day in court on his federal claim . . . . Nowhere in the record is there any indication that appellant knew its case was to be decided finally after the preliminary injunction hearing. 452 F.2d at 652.

Here, as in *Nationwide Amusements*, there was no consolidation of the hearing of the motion with the trial of the action, and Miller was never apprised that its "final day in Court" had come.[18] Unlike *Nationwide Amusements*, however, here no witnesses appeared and the critical issue was not developed during the preliminary injunction

18. We recognize that the Court below expressed the opinion that Miller's decision to seek preliminary relief in *Heileman* "entailed the risk, *familiar to any experienced litigation lawyer*, that the decision on the preliminary injunction might have the effect of determining the merits, *either as a practical matter or legally, through law of the case.*" Appendix A p. 4a, emphasis added. To this there are two answers: (1) Miller, of course, accepted the "practical" risks that its evidence or arguments would prove unconvincing to the court hearing the motion (neither of which "practical" risks materialized); it hardly foresaw, particularly at the outset, that ultimately a preliminary injunction would be reversed on factual grounds neither presented to nor passed upon by the court hearing the motion. (2) The foreseeable "law of the case" risk was aptly summarized in the Opinion below where it noted "such a judgment [in an appeal from a preliminary injunction order] will ordinarily not foreclose subsequent litigation on the merits." Appendix A p.10a. Thus, the risk "familiar to any experienced litigation lawyer" that Miller faced was, by the Court's own admission, the extraordinary risk that a preliminary, non-evidentiary hearing would produce the kind of binding factual conclusion normally established by trial.

proceedings. Both differences weigh heavily against the result reached here.

By the standards of this Court or other Courts of Appeals, then, this case is not a proper one for the application of collateral estoppel.

C. The refutation of the underlying premises of Miller's case by the Court below is unwarranted.

Miller, of course, made the same points below. The Opinion deals with them as follows: (1) "Miller was not foreclosed from offering any evidence it chose in support of its motion for preliminary injunction in the *Heileman* case." Appendix A p. 9a. As noted earlier, Miller had no occasion to delve into the generic defense at that point. See *supra* pp. 14-15. (2) Miller's argument that whether LITE was generic was not focused upon by the District Court in *Heileman* "is belied by the description of the district court's holding in the brief Miller submitted to this court in that case." As demonstrated at p. 9 n.6 *supra,* that is an irrelevant authority on that point (which is mischaracterized).

The Court below deals more obliquely with the propositions that (3) whether a term is generic is a factual question of public understanding, and (4) there is pertinent evidence on this point not heard in *Heileman.* Miller, in this case, offered proof that it had conducted a post-*Heileman* survey. Among other things, the survey showed that nearly three times as many beer drinkers regard the generic

name of LITE to be "beer" as regard it to be "light beer."[19]

In discussing this, the opinion below states:

> The survey evidence could have only two purposes: to prove the meaning of the word "light" or to prove that consumers have come to associate that word with Miller's product. As for the first purpose, the meaning of a familiar English word of Anglo-Saxon heritage can hardly be established by a survey of 988 beer drinkers who had endured long exposure to Miller's advertising of the word in connection with the Miller name. When Judge Learned Hand said that whether a word is generic depends on what "buyers understand by the word" [citing *Bayer*], he was referring to a coined word for a commercial product that was alleged to have become generic through common usage. He was not suggesting that the meaning of a

19. Beer drinkers, of course, were not asked for "the generic name" of LITE. They were shown four beverage labels, including that for LITE. Respondents first were advised:

> A label generally has the brand name, which the manufacturer uses to differentiate his product from similar products made by other manufacturers.
>
> A label also usually has some words or phrases which tell what the product *is*—regardless of manufacturer.
>
> *For example:* Ivory is the brand name; toilet soap is the product. Jack Daniels is the brand name; bourbon is the product. Have I made myself clear?

Then they were asked:

> What word or words on this label—if any—do you consider to be the *brand name?*
>
> What word or words on this label—if any—do you consider to be those which tell you *what the product is?*

Results showed that of those viewing the LITE label, the "brand name" identifications were LITE (51%), Miller (23%) and Miller LITE (13%); more important for present purposes, "What the product is" was identified as "beer" by 63%, "light beer" by 23%.

familiar, basic word in the English vocabulary can depend on associations the word brings to consumers as a result of advertising.[20] Appendix A pp. 9a-10a.

The Court's analysis of the survey's "purposes" is plainly inaccurate. The principal purpose, as explained above (and to the Court below) was to establish what the beer drinking public considers to be the generic name for the product in question—LITE. It shows that the public's perception is different from that of the *Heileman* appeal court's.

The notion that the meaning of "a familiar English word of Anglo-Saxon heritage"[21] cannot be established by a survey of the pertinent public conflicts squarely with both common sense and decided law. As a matter of common sense, a Court's *ex cathedra* pronouncement of meaning can hardly be as determinative of public understanding as is the public's expressed understanding.[22] As a matter of decided law, it long has been the rule that public understanding is the test. (See p. 13, *supra.*)

> The District Court erred in concluding that "the trade-mark cellophane does not depend upon what was in the customer's mind" and in deciding the case on the theory that the public understanding as to the meaning of the word was immaterial. Such a theory is out of accord with the essence of the law of trademarks. *DuPont Cellophane Co.* v. *Waxed Products Co.*, 85 F.2d 75, 81 (2d Cir. 1936).

Forty years later, a Court of Appeals repeats the mistake.

The suggestion that the long established consumer understanding test applies only to "a coined word for a commercial product" is amply rebutted by *Feathercombs, Inc.* v. *Solo Products Corporation,* 306 F.2d 251 (2d Cir. 1962), in which the mark under consideration was FEATHERCOMBS, hardly a coined word such as "aspirin."

> In order to become generic the *principal* significance of the word must be its indication of the nature or class of an article, rather than an indication of its origin. (306 F.2d at 256, emphasis in original).

Whether the public perception was meaningfully influenced by "long exposure to Miller advertising" (or by massive counter-advertising tending to "genericize" the word "light") admittedly is a fair subject for factual and testimonial inquiry; however, it is a poor one for judicial omniscience.

Furthermore, the suggestion that Miller's advertising and sale of LITE could not remove "light" from the public domain is squarely contrary to the holding approved in *Singer Mfg. Co.* v. *Briley,* 207 F.2d 519 (5th Cir. 1953) that by continuous and wide advertising to consumers, the once-generic term SINGER was "recaptured from the public domain." 207 F.2d at 521, n.3.

Miller has been deprived of property—its trademark LITE (and registrations thereof) for beer. It has been

20. How the Court below ascertained Judge Learned Hand's intended meaning fifty-eight years after the fact—and ascertained that he did not mean what other authorities unanimously conclude that he did mean—is unexplained.

21. Which "familiar" word the Court saw fit to define by reference to chemical dictionaries, state liquor control statutes and a cigarette trademark litigation.

22. Especially is this so when one considers that the *Heileman* appeal court's bases for concluding "light" to be generic were dictionary, statutory and technical definitions, meaning in other contexts, and a previous litigation holding "lights" to be descriptive of (not generic for) cigarettes. See *supra,* pp. 13-14.

deprived of that property on the basis of a factual determination—"light" is generic. That factual determination was made on appeal of a case in which the question was not originally at issue or the subject of evidence—the *Heileman* case. From these propositions there can be no escape.

The device employed to accomplish this result was collateral estoppel. Such an application of the doctrine is contrary to safeguards established by this and other courts. The holding that factual matters can conclusively be established without trial, or even dispute of the issue at trial level, urgently requires correction by this Court.

2. The trademark law articulated by this decision and in *Heileman* is sufficiently important and erroneous to merit correction by this Court; the error also constitutes further reason for denying the opinion collateral estoppel effect.

A. The issue is important and the law erroneous.

Forty-one years ago, during the October, 1938 term, this Court decided two cases defining what is, or is not, protectable as a trademark. In *Kellogg Co.* v. *Nat. Biscuit Co.*, 305 U.S. 111 (1938) it was held that "Shredded Wheat" could not be exclusively appropriated for a shredded wheat breakfast cereal.

> . . . For that is the generic term of the article, which describes it with a fair degree of accuracy; and it is the term by which the biscuit in pillow-shaped form is generally known by the public. Since the term is generic, the original maker of the product acquired no exclusive right to use it. (305 U.S. at 116).

* * *

> It is contended that the plaintiff has the exclusive right to the name "Shredded Wheat", because those words acquired the "secondary meaning" of shredded wheat made at Niagara Falls by the plaintiff's predecessor. There is no basis here for applying the doctrine of secondary meaning. (305 U.S. at 118).

In *Armstrong Co.* v. *Nu-Enamel Corp.*, 305 U.S. 315 (1938), NU-ENAMEL was upheld as a trademark for a presumably new type of enamel.

> "Nu-Enamel" is descriptive of the enamels in issue . . . But a mark which is descriptive is not a good trade-mark at common law.
>
> . . . Here we have a secondary meaning to the descriptive term, "Nu-Enamel." This establishes, entirely apart from any trade-mark act, the common law right of the Nu-Enamel Corporation to be free from the competitive use of these words as a trademark or trade name. (305 U.S. at 334-35).

Since those decisions, a new trademark act has been enacted (in 1946) and the law of what is or is not protectable under what conditions has developed without guidance from this Court. Articulation of the theoretical framework developed by consensus probably reached its high point in *Abercrombie & Fitch Co.* v. *Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976) which identified "four different categories of terms with respect to trademark protection." These were "(1) generic, (2) descriptive, (3) suggestive and (4) arbitrary or fanciful." As the case explained, (1) The generic term "is one that refers, or has come to be understood as referring, to the genus of which a particular product is a species." It is identified in the Lanham Trademark Act as "the common descriptive name of an article or substance." 15 U.S.C. §1064(c). A generic

term cannot be protected, and protection of a term which has become generic must be denied, because one "cannot deprive competing manufacturers of the product of the right to call an article by its name." (2) The "descriptive" term, called "merely descriptive" in the Trademark Act (15 U.S.C. §1052(e)), can be registered[23] and protected at common law[24] upon acquisition of distinctiveness and secondary meaning.

> . . . In the latter case the law strikes the balance, with respect to registration, between the hardships to a competitor in hampering the use of an appropriate word and those to the owner who, having invested money and energy to endow a word with the good will adhering to his enterprise, would be deprived of the fruits of his efforts. 537 F.2d at 10.[25]

Abercrombie & Fitch explains that (3) Suggestive (those "neither exactly descriptive on the one hand nor truly fanciful on the other"[26]) and (4) Arbitrary (or fanciful) terms[27] are registrable and protectable without a showing of secondary meaning. 537 F.2d at 9-11.

23. 15 U.S.C. §1052(f).

24. Armstrong Co. v. Nu-Enamel Co., *supra.*

25. Section 33(b)(4) of the Act, 15 U.S.C. §1115(b)(4), preserves this "balance" by insulating the good faith, non-trademark, descriptive use of descriptive terms from charges of infringement.

26. One of the more oft-cited tests for distinguishing "descriptive" from "suggestive" terms is that if a term forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the product it is descriptive; if it requires imagination, thought and perception to reach a conclusion as to the nature of the goods, it is suggestive. This test, generally attributed to *Stix Products, Inc.* v. *United Merchants and Manufacturers, Inc.*, 295 F. Supp. 479 (S.D.N.Y. 1968), has been endorsed in *Abercrombie & Fitch* and elsewhere.

27. Arbitrary terms are existing words, irrelevant to the product, that are used as a trademark; CAMEL is such a trademark for cigarettes. Fanciful terms are invented ones, such as KODAK.

The calamity of this case and of *Heileman,* upon which it inescapably rests and which it endorses (Appendix A pp. 6a-8a), is that while *Abercrombie & Fitch* and the consensus of prior learning it articulates purportedly were followed (Appendix A pp. 7a-8a, n.7), they were not. As *Abercrombie & Fitch* teaches, there are two sets of terminology for the same concepts:

Common Law	*Lanham Trademark Act*
(1) Generic	Common descriptive name of an article or substance
(2) Descriptive	Merely Descriptive

Heileman creates, and *Schlitz* endorses, the novel categories:

(1) Generic or common descriptive terms

(2) Merely descriptive.

The consequences of this semantic sloppiness (or ledgerdemain) snowball. For in *Heileman* and *Schlitz,* "A generic or common descriptive term is one which is commonly used as the name *or description* of a kind of goods." 561 F.2d at 79, Appendix C p. 29a, emphasis added. (Compare with *Abercrombie & Fitch's* explanation of what is a generic term, *supra.*) A "merely descriptive" term is said to be one that "specifically describes a characteristic or ingredient of an article." 561 F.2d at 79, Appendix C p. 29a. Indeed, in *Heileman* and *Schlitz,* "light" is concluded to be "generic" (rather than to be "descriptive" or "merely descriptive") because "it has been widely used in the beer industry for many years *to describe* a beer's color, flavor, body or alcoholic content, or a combination of these or

similar *characteristics.*" 561 F.2d at 80, Appendix C p. 31a, emphasis added.

The impossibility of rationalizing *Heileman* with existing law has been recognized by three independent scholars on trademark law.

1. Jerome Gilson (1 Trademark Protection and Practice, Dec. 1978 Cum. Supp. pp. 22-23) described the *Heileman* analysis as "unprecedented and extremely tortured."

> The court did not attempt to draw a bright line between the two types of descriptive terms ["common descriptive" and "merely descriptive"] . . . Indeed, there seems to be no objective way to distinguish between them. The distinction in *Miller Brewing* appears based on a visceral reaction that certain descriptive terms are so commonplace and so widely used that it would be against public policy to enforce them, no matter how extensively they are advertised or promoted.
>
> In the opinion of the author, the distinction is so vague as to be unworkable in terms of its application to future trademark infringement cases. If it were applied by many courts it could place a large number of valuable secondary meaning trademarks in jeopardy of being found "common descriptive terms," irrespective of the degree to which the public relies on them in purchasing products or services.

Mr. Gilson concludes with the observation that the *Heileman* opinion involves "the creation of an altogether artificial distinction which, one assumes, will plague courts and trademark counsel for years to come."

2. Arthur J. Greenbaum (The Thirty-First Year of Administration of the Lanham Trademark Act of 1946, 68

The Trademark Reporter No. 6 (1978) at pp. 783-85) wrote of the opinion:

> The Court defined a generic or common descriptive term as "one which is commonly used as the name or description of a kind of goods." [Footnote omitted.] While there is no question that the name of a kind of goods is a good definition of a generic term, confusion creeps in when one speaks about a description of a kind of goods.
>
> * * *
>
> There is no question but that "light" is descriptive of various qualities of beer. . . . However, simply because a term has been used descriptively does not make it generic, i.e., the name of the product. Here, the name of the product appears to be beer. An appropriate description of it could be "light."
>
> The court does not clearly explain why it concluded that "light" is generic. The reason that generic terms are not protectable is, as stated by the court, that such protection would preclude a competitor from stating what his goods are . . . .
>
> However, no such problem exists with respect to descriptive terms. A descriptive term, such as "pure" for oil, can be a trademark when used as a trademark and can be an ordinary adjective when used in copy or on labels as an ordinary descriptive term. Put another way, an adjective can be both a trademark (its secondary meaning) and remain a descriptive term (its primary meaning) available to others . . . .
>
> * * *
>
> This problem of the difference between a generic term and a merely descriptive one has long been with us. Courts have not been terribly successful in grappling with the distinction. Here, the Seventh Circuit has managed to define a generic term in such a manner

that almost any descriptive term could be deemed to be generic. Hopefully, this unfortunately worded decision will not now set off more years of confusion and controversy as to what is protectable and what is not. [Footnotes omitted.]

3. Seymour Kleinman (3 Callman, The Law of Unfair Competition Trademarks and Monopolies, 1978 Cum. Supp. §74.4, pp. 36-48) begins his extensive analysis of the opinion with: "An awesome augury of genericide appears to be threatening a broad category of marks, registered or not. It started with the relatively recent 'discovery' of a hitherto unidentified trademark substratum—the generic or 'common descriptive' term—which now appears to have been lying dormant as a fault beneath the common law of trademarks and the legislative structure of the Lanham Act." Subsequently, he states: "In 'light' (no pun intended) of the forbidding significance of the decision on trademark law generally, as well as the Lanham Act specifically, its premises require careful analysis and its result calls for limited application." In the course of his analysis, Mr. Kleinman observes:

> . . . Without reference to that all-important acid test—the public perception of "Lite" for beer—the court took judicial notice of the fact that "alcoholic content and caloric content go hand in hand." On the strength of its premise that "light" was widely used in the beer industry to "describe a beer's color, flavor, body or alcoholic content" (which by itself might qualify it as "merely descriptive" of some function or ingredient under the decisions quoted above), the court proceeds to its conclusion: "light" being a "generic or common descriptive term as applied to beer" [by whose perception is nowhere indicated] it could "not be exclusively appropriated by Miller as a trademark" . . . .

> Logically, the court's syllogism lacks another premise: i.e., "light" is a generic or common descriptive term only *because the public perception accords* with the court's premise, intuitive or otherwise. True or false, it is that missing link which converts the court's conclusory finding of "genericness" from one of fact (which it should be) to one of law (which is erroneous). Whatever the intuitive reason or illogic (especially surprising after the court below had determined otherwise), the Miller court christened the new substratum "Generica" and consigned both "Lite" and "light" to its dark and dismal depths. Dictum thus became gospel and the decision, if carried to its drily logical extreme, can seriously undermine the structure of the Lanham Act and impair some fundamental concepts of trademark law.

Mr. Kleinman concludes:

> Antagonism to the registration of "descriptive" or "merely descriptive" terms stems, of course, from the festering fear, which the Miller court openly admits, that a registrant may thereby acquire an exclusive right to the use of the words in the lexicon which should be equally available for use by his competitors. The short and simple therapy for such monopolophobia is contained, of course, in §33(b)(4), which provides that any good faith fair use of descriptive words . . . is a complete defense to a charge of infringement. With such protective cover, one wonders why the Miller court resorted to the blunderbuss. Hunting small game with an elephant gun has never been regarded as good sportsmanship.
>
> . . . Genericide is "cruel and unusual punishment" and it is to be hoped that the invocation of that extreme sanction, as the Miller court conceived it, will

be an enigma to be pondered rather than a precedent to be applied. [Footnote omitted].[28]

The reason the commentators refer to *Heileman,* which this case embraces, as "this unfortunately worded decision,"[29] "which, one assumes, will plague courts and trademark counsel for years to come"[30] and express the hope that it "will be an enigma to be pondered rather than a precedent to be applied"[31] is that it imperils the protectability of scores of well known trademarks.

That is easily seen in a society whose best-selling magazines are TV GUIDE and READER'S DIGEST, that smokes billions of KOOL cigarettes, eats countless boxes of RICE KRISPIES cereal, feeds vast quantities of KEN-L-RATION dog food to its pets, jets about the country on AMERICAN AIRLINES, and includes among its favorite recent entertainments STAR WARS and SUPERMAN (soon probably to be seen on numerous COLORTRAK television sets).

B. Failure to grasp the essential issue in the estopping decision.

Moreover, the very error of *Heileman* is ground for denying it collateral estoppel effect.

> Determining whether a patentee has had a full and fair chance to litigate the validity of his patent in an earlier case is of necessity not a simple matter. In addition to the considerations . . . mentioned above, certain other factors immediately emerge. For example, . . . whether the opinions filed by the District Court and the reviewing court, if any, indicate that the prior case was one of those relatively rare instances where the courts wholly failed to grasp the technical subject matter and issues in suit . . . . But as so often is the case, no one set of facts, no one collection of words or phrases, will provide an automatic formula for proper ruling on estoppel pleas. In the end, decision will necessarily rest on the trial courts' sense of justice and equity. *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402 U.S. 313, 333-34 (1971).

As has been shown, *Heileman* failed to "grasp the technical subject matter and issues in suit."[32] The decisions below can be read to deprive Miller of its right to its trade-

28. Messrs. Giilson's, Greenbaum's and Kleinman's observations are reprinted with permission, in their entireties, in Appendices G, H and I, respectively.

29. Greenbaum, *supra.*

30. Gilson, *supra.*

31. Kleinman, *supra.*

32. To this, the Court below has three answers (Appendix A pp. 6a-8a). (1) The "technical matter" referred to in *Blonder-Tongue* is limited to "issues so complex that legal minds, without appropriate grounding in science and technology, may have difficulty in reaching decision." Appendix A p. 3a, n.3. Conceding that it is more probable one will err when the underlying technology is baffling, common experience teaches that judges, like the rest of mankind, are not immune to conceptual errors on comparatively simple subjects. Whether a would-be trademark is generic or descriptive is as "technical" an aspect of trademark law—a subject which fills treatises and is generally not very familiar to the Federal Courts—as molecular structure is to chemical engineering. There is no reason why the rule ought to apply only to errors that are difficult to perceive; the unfairness of being bound by error is the same whether the mistake is esoteric or simple. (2) The rule does not apply when the result is wrong, only when the Court failed to comprehend what it was doing in reaching the wrong result. As independent trademark authorities affirm quite clearly, in their own distinctive styles, *Heileman* represents fundamental misunderstanding, not a simple choice of wrong result; that is its deformity. (3) *Heileman* was correct. Again three independent authorities, whose familiarity with and mastery of this branch of law presumably equals that of the Judge who wrote both *Heileman* and *Schlitz,* emphatically disagree.

mark LITE, registered in the U.S. Patent and Trademark Office, acquired for valuable consideration and promoted at a cost of tens of millions of dollars. From 1967 to mid 1975, LITE was a valid brand name nobody sought to imitate. What Schlitz, Heileman and others have sought to do by marketing their copies of Miller's runaway success, LITE, as "LIGHT," is perfectly obvious from a glance at their labels. If a "sense of justice and equity" is a component of collateral estoppel, Miller will not be forever bound by the erroneous *Heileman* decision.

3. Cancellation of Miller's registrations of LITE presents sufficiently serious questions concerning the workings of statutory trademark registration to merit review.

This case and *Heileman* do not hold that "light" per se is generic for beer.

> . . . Although the Act refers to a common descriptive name, we believe, as explained in the *Heileman* opinion 561 F.2d at 80 [Appendix C pp. 30a-31a], that a common descriptive adjective that is part of the common descriptive name is governed by the same principle. Appendix A p. 8a, n.7.

Thus "light" was considered generic only because it is part of the generic term "light beer," not because it is itself generic for beer. This case is not about "light beer"; it is about what the consumer sees as **"LIGHT** BEER."

While this alone presents a novel issue for this Court, the cancellation of the LITE registrations presents further, serious issues, since it undermines the workings of the

statutory trademark registration scheme embodied in the Lanham Act.

LITE was first used by Meister Brau, Inc. in May, 1967. By February, 1972, it was twice registered as a trademark on the Principal Register of the United States Patent and Trademark Office.[33] The certificates of registration were "prima facie evidence of the validity of the registrations" (15 U.S.C. §1057(b)), were "constructive notice of the registrant's claim of ownership thereof" (15 U.S.C. §1072), and were "prima facie evidence of [Meister Brau and, subsequently, of assignee Miller's[34]] exclusive right to use the registered mark in commerce on the goods . . . specified in the registration . . .", subject to possible defenses (15 U.S.C. §1115(a)).

Before the enactment of the present act, it was recognized that "the registration of a trade-mark raises a strong presumption of its validity."[35] Since the modern (1946) Act made registration prima facie evidence of its own validity, courts have recognized that Patent [and Trademark] Office decisions granting registration must be recognized as prima facie correct.[36]

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33. Schlitz, Heileman or any other brewer was free to oppose these registrations upon publication of the marks in *The Official Gazette* (15 U.S.C. §1063) or, after registration, to petition to cancel the registrations (15 U.S.C. §1064). Nobody took either step prior to Miller's suits for infringement.

34. 15 U.S.C. §1060 permits an assignment of a registration and of all consequential rights of the original registrant.

35. Barbasol Co. v. Jacobs, 160 F.2d 336, 338 (7th Cir. 1947).

36. Aluminum Fab. Co. of Pittsburgh v. Season-All W. Corp., 259 F.2d 314, 316 (2d Cir. 1958); Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 378 (7th Cir.), *cert. denied* 429 U.S. 830 (1976).

Those presumptively valid registrations of LITE were, by statute, insulated against registration by another of any trademark that

> . . . consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office . . . as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive. . . . 15 U.S.C. §1052(d).

Those presumptively valid registrations, by statute, also were subject to protection against the

> . . . use in commerce [of] any reproduction, counterfeit, copy or colorable imitation [thereof] in connection with the sale, offering for sale, distribution or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive. 15 U.S.C. §1114 (1)(a).

It was this bundle of prima facie presumptions and rights Miller obtained when it acquired Meister Brau's registration of LITE. It was this bundle of prima facie presumptions and rights Miller held when it built LITE from a modestly successful regional brand into a nationwide brewing phenomenon. It was this bundle of prima facie presumptions and rights of which Miller will be stripped by cancellation of its registrations of LITE, because an appellate court has concluded that "light beer" is generic.

LITE and "light" are not the same; they are phonetic equivalents, but there are differences. To the extent that there are differences, there is no reason to deprive Miller of its registration right to LITE.

Even if "light" must be available to all, there is no need for others to utilize LITE. Indeed, once LITE has been recognized by the public as a trademark for Miller's beer, even if it be for Miller's "light beer," there can be but one reason for a competitor to appropriate LITE—to take unto himself "the drawing power of a congenial symbol"[37] established by Miller. (As noted at the outset, there is persuasive evidence that LITE has come to symbolize a particular brand of beer. *Supra,* pp. 4-5 at n.2.)

It is for these reasons that registration has been allowed, for such "phonetic equivalent" marks as LEKTRONIC for electric shavers,[38] XTRA for gasoline station services[39] and ALO- for aloe products.[40] "Electronic," "extra" and "aloe," like "light" may well be unprotectable for various reasons; but LEKTRONIC, XTRA, ALO and LITE are not identical to "electronic," "extra," "aloe" and "light." In those differences, small though they may be, there can reside a measure of trademark validity and protection. Particularly should this be so when, as here, the trademark has been registered and reliance has been placed upon those presumptively valid registrations.

The authorities cited by the Court below are not persuasive to the contrary. In *American Aloe Corp.* v. *Aloe*

37. Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942).

38. Sperry Rand Corporation v. Sunbeam Corporation, 442 F.2d 979 (C.C.P.A. 1971).

39. In re Warren Petroleum Corp., 192 U.S.P.Q. 405 (Trdmk. Tr. & App. Bd. 1976).

40. Aloe Creme Laboratories, Inc. v. Aloe 99, Inc., 188 U.S.P.Q. 316 (Trdmk. Tr. & App. Bd. 1975).

Creme Laboratories, Inc., 420 F.2d 1248 (7th Cir.), *cert. denied* 398 U.S. 929, 400 U.S. 820 (1970), cited in *Heileman* (561 F.2d at 79, Appendix C p. 29a), the issue was whether the owner of various marks which encompassed "Alo" for cosmetics whose principal ingredient was "aloe" could prevent a competitor from using "aloe" for its products; the question of protecting the variant was not in issue.[41] (Moreover, the case is squarely at odds with *Heileman* and *Schlitz* insofar as it recognizes that generic terms may become valid trademarks upon acquisition of secondary meaning.) *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 220 U.S. 446 (1911), cited below (Appendix A p. 12a) held that since RUBEROID was descriptive of a rubber-like roofing compound, it could not serve as the basis for enjoining the use of "Rubbero" for a similar compound. This was before it was recognized that descriptive terms were protectable upon acquisition of secondary meaning. Four years later, however, rights in RUBEROID were held sufficient to preclude use of RUBBEROID as a brand name for such roofing. *Standard Paint Co.* v. *Rubberoid Roofing Co.*, 224 Fed. 695 (7th Cir. 1915). The analogy here is that while LITE may not preclude use of "light," it would preclude use by a competitor of "Lite."

Nor is the logic for cancelling registrations of LITE compelling. Indeed, the only reason the Court has offered —in *Heileman*—is that "Other brewers whose beers have qualities that make them 'light' as that word has commonly

41. Another Court of Appeals was pointed in its refusal to follow the rationale of this case. Aloe Creme Laboratories, Inc. v. Milsan, 423 F.2d 845 (5th Cir. 1970), *cert. denied* 398 U.S. 928 (1970).

been used [must] remain free to call their beer 'light.' "[42] 561 F.2d at 81, Appendix C pp. 33a-34a. Other brewers, of course, would remain free to call their beer "light," even if LITE remains registered. It is LITE—Miller's distinctive, enormously successful, trademark—that there is no reason to encourage others to copy.[43]

42. This is not a proposition with which Miller has quarrelled, whether "light" be descriptive or generic. Indeed, 15 U.S.C. §1115 (b)(4) compels such a result as long as such use is non-trademark, good faith descriptive use.

43. One brewer has appropriated LITE, General Brewing Company. Suit is pending. While *Heileman* presumably cannot be collaterally applied in that suit, because the possibility of another's use of LITE was never in issue, cancellation of Miller's registrations of LITE undoubtedly will present a needless obstacle to successful prosecution of that suit.

Conclusion

For the reasons stated, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDICES

APPENDIX A

In the

United States Court of Appeals

For the Seventh Circuit

No. 78-2011

MILLER BREWING COMPANY,

Plaintiff-Appellant,

v.

JOS. SCHLITZ BREWING CO.,

Defendant-Appellee.

Appeal from the United States District Court for the Eastern District of Wisconsin.
No. 75-C-636—**Myron L. Gordon**, *Judge.*

ARGUED NOVEMBER 8, 1978—DECIDED SEPTEMBER 6, 1979

Before FAIRCHILD, *Chief Judge*, SWYGERT and TONE, *Circuit Judges.*

TONE, *Circuit Judge.* Two years ago we reversed a preliminary injunction order against infringement of Miller Brewing Company's trademark "LITE" for beer. We did so on the ground that "because 'light' is a generic or common descriptive word when applied to beer, neither that word nor its phonetic equivalent may be appropriated as a trademark for beer." *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 77 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978). The principal question before us now is whether that determination in an interlocutory appeal should be given preclusive effect in another trademark action by Miller to enforce the same trademark against a different defendant, Jos.

Schlitz Brewing Company. Holding that it should, the district court entered a summary judgment against Miller, *Miller Brewing Co. v. Jos. Schlitz Brewing Co.*, 449 F.Supp. 852 (E.D. Wis. 1978). The judgment is affirmed with respect to the trademark claims and vacated with respect to a joined unfair competition claim, and the case is remanded for further proceedings.

The present action was filed by Miller one year earlier than the *Heileman* action, and extensive discovery and other trial preparation took place during that year. Nevertheless, Miller chose to seek a preliminary injunction in the *Heileman* case rather than in this or any of six other cases it had earlier filed against other competitors. After our decision reversing the preliminary injunction in *Heileman*, Schlitz, which had filed a brief *amicus curiae* in this court in *Heileman*, moved in this case for summary judgment on the ground of collateral estoppel with respect to all claims of the complaint except those for knowingly false disparagement of a competitor's product.

The district court granted the motion, holding that the doctrine of collateral estoppel was applicable under *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), to preclude Miller from litigating further, because this court in *Heileman*, although deciding an interlocutory appeal, had "found an insuperable obstacle to Miller's maintenance of the litigation." Therefore, under the principles laid down in *Mast, Foos & Co. v. Stover Mfg. Co.*, 177 U.S. 485 (1900), and *CES Publishing Corp. v. St. Regis Publications, Inc.*, 531 F.2d 11 (2d Cir. 1975), a final judgment without further litigation was appropriate. Miller's argument that it had not had a full and fair opportunity in *Heileman* to litigate the question whether "light" or "LITE" is generic was rejected. 449 F.Supp. at 855. In granting summary judgment the district court ordered the Commissioner of Patents and Trademarks to cancel the trademark registrations of the mark, and, acting pursuant to Rule 54(b), Fed. R. Civ. P., found no just reason for delay and made the judgment final with respect to all claims that depended on

the validity of the trademark. 449 F.Supp. at 855-856. This appeal followed.

I.

Availability of Collateral Estoppel to a Non-Party to the Prior Case.

The fact that Schlitz was not a party to the *Heileman* case will not preclude giving collateral estoppel effect to a determination necessarily made in that case, if Miller had a full and fair opportunity to litigate on the issue determined. *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, supra,* 402 U.S. at 332-334. Whether a full and fair opportunity to litigate was afforded in the other action depends, *Blonder-Tongue* teaches, upon several factors, including who chose the forum, incentive to litigate, whether (speaking of the patent issues before the court in that case) "the prior case was one of those relatively rare instances where the court wholly failed to grasp the technical subject matter and issues in suit," and "whether without fault of his own the [party against whom preclusion is sought] was deprived of crucial evidence or witnesses in the first litigation." *Id.* at 333. And, "[i]n the end, decision will necessarily rest on the trial courts' sense of justice and equity." *Id.* at 334.

Although the opinion in *Blonder-Tongue* demonstrates that the reasons for eliminating the doctrine of mutuality of estoppel weigh especially heavily in patent cases, they are applicable generally. *E.g., Samuel C. Ennis & Co. v. Woodmar Realty Co.*, 542 F.2d 45, 49 (7th Cir. 1976). The *Restatement (Second) of Judgments* § 88 (Tent. Draft No. 3, 1976) states,

> A party precluded from relitigating an issue with an opposing party, . . . is also precluded from doing so with another person unless the fact that he lacked full and fair opportunity to litigate the issue in the first action or other circumstances justify affording him an opportunity to relitigate the issue.

The "other circumstances to which consideration should be given" are those applicable in deciding

whether the opposing party in the prior case should be allowed to relitigate, *id.* § 68.1, and additional ones applicable when mutuality of estoppel is lacking, *id.* § 88. Because of the nature of Miller's suits against Heileman and Schlitz and the identity of the central issue in both, none of these "other circumstances" described in the *Restatement* are present in the case at bar, so the test to be applied is whether Miller had a full and fair opportunity to litigate, which is to be determined by applying the factors stated in *Blonder-Tongue*. *See also Restatement, supra,* § 68.1, Comment *j*, § 88, Comment *b*.[1]

A. *Who Chose the Forum*

Miller chose the forum in the *Heileman* case. Moreover, when Miller sued Heileman the instant action against Schlitz had been pending for one full year, during which extensive discovery and trial preparation had been conducted by both Miller and Schlitz. Nevertheless, Miller had not sought a preliminary injunction against Schlitz. Simultaneously with the filing of the *Heileman* complaint, however, Miller moved for a preliminary injunction against Heileman. Whatever the litigation strategy that motivated Miller's decision to seek a preliminary injunction and to seek it against Heileman rather than Schlitz despite the extensive preparation that had already gone into the *Schlitz* case, that decision entailed the risk, familiar to any experienced litigation lawyer, that the decision on the preliminary injunction might have the effect of determining the merits, either as a practical matter or legally, through law of the case. In addition, Miller assumed

[1] There is arguably a difference of degree between the *Blonder-Tongue* standard of whether the court "wholly failed to grasp the technical subject matter and issues in suit" and the "plainly wrong" standard of the *Restatement*, Comment *j* (Tent. Draft No. 3, p. 169). Any distinction that may exist is immaterial in this case, not only because *Blonder-Tongue* is the standard to be applied by a federal court if there is a difference but because we believe our earlier decision to be correct.

the risk that the decision might determine the results of its other "LITE" beer cases through *stare decisis* or, since decisions on preliminary injunctions may have a preclusive effect, *see* Part II, *infra*, through collateral estoppel. The effect of an adverse determination on other cases could not have come as a surprise to Miller.[2]

B. *Incentive to Litigate*

The factor of incentive to litigate requires little discussion. Miller had the same incentive to litigate in the *Heileman* case that it has in the case at bar, an incentive that must have been enhanced by the knowledge that what it had selected as its pilot proceeding, a preliminary injunction motion against Heileman, would be of critical importance to the case at bar and all its other pending "LITE" cases against competitors. *See* note 2, *supra*.

C. *The Court's Grasp of the Subject Matter and Issues in Heileman*

The next factor to be considered is whether "the prior case was one of those relatively rare instances where the courts wholly failed to grasp the technical subject matter and issues in suit . . . ." *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, *supra*, 402 U.S. at 333. Miller contends that it was.

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[2] Shortly before the oral argument in *Heileman*, Miller filed a brief with the Judicial Panel on Multidistrict Litigation in which it referred to the interlocutory appeal in *Heileman* and stated,

> The decision on that appeal could be a major step in resolving many or all of the "Lite Beer" cases.

After our decision, the Panel sustained Miller's position that the cases should not be transferred to a single district, noting in its opinion that the *Heileman* decision "could have a dispositive effect upon all other actions, at least regarding the issue of trademark validity, because of the likelihood that parties in the remaining actions" would assert collateral estoppel under *Blonder-Tongue*.

The kind of judicial failure described in *Blonder-Tongue* is not merely reaching a wrong result and is, we hope, unlikely to occur except when a court is faced with esoteric and complex subject matter beyond its experience and comprehension, which the Supreme Court thought might occur in some patent cases.[3] It did not occur in the *Heileman* case.[4] 403 U.S. at 333. The subject matter was not "technical," *see* note 3, *supra*, and was grasped by the court. The controlling issue was simple. Both parties agreed that the applicable law was correctly stated by Judge Friendly in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976).[5] In taking this position, the parties made no distinction between the statutory and common law standards. In summarizing that applicable law, Miller expressly acknowledged[6] that if "light" was generic no trademark

[3] The failure-to-grasp factor, which refers to "technical" subject matter and issues, can be appreciated only by placing it within the context of the *Blonder-Tongue* opinion. In that case the defendant asserted the doctrine of collateral estoppel to preclude relitigation of the validity of a patent. The Court, before stating the factor in question, noted "that some courts have frankly stated that patent litigation can present issues so complex that legal minds, without appropriate grounding in science and technology, may have difficulty in reaching decision." 402 U.S. at 331 (footnote omitted). *See Kaiser Industries Corp. v. Jones & Laughlin Steel Corp.*, 515 F.2d 964, 983-984 (3d Cir.), *cert. denied*, 423 U.S. 876 (1975). The "LITE" trademark litigation does not involve comparably technical subject matter and issues.

[4] Perhaps in recognition of the difficulty of persuading the same court that decided the earlier case that it had failed to grasp the legal subject matter and issues in suit, Miller's presentation blurs the distinction between failure to grasp and incorrect decision and argues that the *Heileman* decision was wrong rather than discussing any failure to grasp subject matter or issues.

[5] In its brief Miller quoted at length and indorsed as "setting forth the law applicable to this case with precision, scholarship and clarity" the explanation of the four categories of terms in the *Abercrombie & Fitch* opinion.

[6] After indorsing the *Abercrombie & Fitch* summary, Miller stated that the first category of trademarks "is the generic,

(Footnote continued on following page)

protection could be acquired for it.[7] The issue then which Miller as well as Heileman represented to be controlling and which we treated accordingly was whether

[6] *continued*
called 'common descriptive name' in the Lanham Act, which can never become a trademark." [Appellee's Brief in No. 77-1246, pp. 13-14.] Then, after listing the other three categories and noting that the district court had held "LITE" to be "suggestive for less filling, reduced calorie beer, though descriptive of certain beers in certain other respects," while the Patent and Trademark Office had held the word to be descriptive in 1968 [*id.* at 14-15], Miller stated,

> What matters, however, is not whether LITE is suggestive or descriptive; either way it is susceptible of appropriation as a trademark for less filling, reduced calorie beers. The question is whether it is generic for such beer.

[*Id.* at 15.]

Similarly, in a brief in this court opposing Heileman's motion for stay pending appeal, Miller quoted the same passage from *Abercrombie & Fitch* and then stated,

> To summarize, very simply, if LITE (the phonetic equivalent of "light") for less-filling, low calorie beer is generic, Heileman may use LIGHT for such product in any manner it chooses. If LITE is descriptive then it may be protected only if it has acquired secondary meaning. If LITE is suggestive, it may be protected. . . . If LITE is arbitrary—which nobody suggests that it is—Heileman could not use it, or, presumably, LIGHT, at all.

[7] This was in conformity with the *Abercrombie & Fitch* exposition of the law, in the course of which Judge Friendly states that "even proof of secondary meaning, by virtue of which some 'merely descriptive' marks may be registered, cannot transform a generic term into a subject for a trademark." 537 F.2d at 9. *Accord, Henry Heide, Inc. v. George Ziegler Co.*, 354 F.2d 574, 576 (7th Cir. 1965). *See also CES Publishing Corp. v. St. Regis Publications, Inc., supra*, 531 F.2d at 13, cited in *Abercrombie & Fitch*:

> To allow trademark protection for generic terms . . . even when these have become identified with a first user, would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are.

Cf. Telechron, Inc. v. Telicon Corp., 198 F.2d 903, 906 (3d Cir. 1952); *see also* 3 *Restatement of Torts* § 721, Comment *a* (1938);

(Footnote continued on following page)

"light" is generic. The court in *Heileman* did not fail to grasp the subject matter and the issue in suit.[8]

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[7] *continued*
cf. Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 116-117, 121-122 (1938), with which compare *id.* at 118-119.

We note that a literal reading of the Lanham Act might lead to the conclusion that a generic name that has acquired a secondary meaning is entitled to registration. Section 2, 15 U.S.C. § 1052, provides that no trademark "shall be refused registration on the principal register on account of its nature," except in four described circumstances stated in paragraphs (a) through (d), none of which is pertinent for present purposes, or in circumstances described in paragraph (e), which include that the trademark "when applied to the goods of the applicant is merely descriptive or deceptively descriptive of them." The section then, in clause (f), provides that "[e]xcept as expressly excluded in paragraphs (a), (b), (c) and (d) of this section," nothing in the Act shall prevent the registration of a mark that "has become distinctive of the applicant's goods in commerce." *Abercrombie & Fitch* interprets this language as only allowing registration of merely descriptive terms that have acquired secondary meaning but not of "generic marks." 537 F.2d at 9. That opinion relies for this conclusion on § 9(c), 15 U.S.C. § 1064(c), which provides for cancellation of a registered mark that "becomes the common descriptive name of an article or substance," § 9(c), 15 U.S.C. § 1064(c). The word "becomes" is not viewed in either *Abercrombie & Fitch* or *J. Kohnstam, Ltd. v. Louis Marx and Co.*, 280 F.2d 437, 440 (C.C.P.A. 1960), on which the former relies, as excluding a word that is already generic before the applicant uses it. Elsewhere the Act provides that "no incontestible right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise," § 15(4), 15 U.S.C. § 1065(4). Although the Act refers to a common descriptive name, we believe, as explained in the *Heileman* opinion, 561 F.2d at 80, that a common descriptive adjective that is a part of the common descriptive name is governed by the same principle.

[8] Miller also argues that whether "LITE" was generic was not focused upon in the district court in *Heileman*. This is belied by the description of the district court's holding in the brief Miller submitted to this court in that case. [Appellee's Brief in *Miller Brewing Co. v. G. Heileman Brewing Co.*, No. 77-1246.]

D. *Deprivation of Crucial Evidence*

The last factor mentioned in *Blonder-Tongue* is whether Miller was deprived of crucial evidence or witnesses in the prior case.

Miller was not foreclosed from offering any evidence it chose in support of its motion for preliminary injunction in the *Heileman* case. While Miller now complains that there was no evidentiary hearing in that case, it did not seek one, choosing rather to present its case by affidavits, which of course allowed counsel to participate in the composition of the testimonial statements. Indeed, when Heileman referred in its brief in this court to the absence of an evidentiary hearing, Miller responded in its brief that "Heileman . . . has yet to suggest what such a hearing would have produced; there is no significant fundamental fact in dispute." [Appellee's Brief in No. 77-1246, p. 53.] Miller also disagreed with the argument in Schlitz' brief *amicus curiae* in that case that "more evidence on the use of 'light' in the past is required." [*Id.*]

The only specific evidence Miller points to as not having been in the *Heileman* record is a report of a survey of "988 beer drinkers" taken in March 1978, after our decision and while the motion for summary judgment was pending in the case at bar. A similar, earlier consumer survey was before us in *Heileman*, 561 F.2d at 77, but, even assuming that the new survey is somehow better than the old, it is irrelevant.

The survey evidence could have only two purposes: to prove the meaning of the word "light" or to prove that consumers have come to associate that word with Miller's product. As for the first purpose, the meaning of a familiar English word of Anglo-Saxon heritage can hardly be established by a survey of 988 beer drinkers who had endured long exposure to Miller's advertising of the word in connection with the Miller name. When Judge Learned Hand said that whether a word is generic depends on what "buyers understand by the word," *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921), he was referring to a coined word for a

commercial product that was alleged to have become generic through common usage. He was not suggesting that the meaning of a familiar, basic word in the English vocabulary can depend on associations the word brings to consumers as a result of advertising.

This brings us to the second possible purpose of Miller's new survey evidence, to prove that consumers have come to associate the word with Miller's product. Proof of that fact would not advance Miller's trademark claim, because, as Miller acknowledged in *Heileman*, if a word is generic it "can never become a trademark." *See* note 8; *see also* 561 F.2d at 79. The March 1978 survey is therefore not essential evidence of which Miller was deprived in the earlier proceeding.

As we noted above, the Supreme Court said in *Blonder-Tongue* that the decision, to be made through the application of the foregoing factors, of whether a party has had a full and fair chance to litigate in the earlier case "will necessarily rest on the trial court's sense of justice and equity." 402 U.S. at 334. Having carefully reviewed the trial court's decision in light of the relevant factors, we conclude that it is correct.

II.

The Interlocutory Form of the Heileman Decision

The fact that our judgment in *Heileman* was rendered in an appeal from a preliminary injunction order does not preclude application of collateral estoppel. Although such a judgment will ordinarily not foreclose subsequent litigation on the merits, *Berrigan v. Sigler*, 499 F.2d 514, 518 & n.11 (D.C. Cir. 1974); 11 Wright & Miller, *Federal Practice and Procedure*, § 2962 at 630-631 & n.29 (1973), it will be given preclusive effect if it is necessarily based upon a determination that constitutes an insuperable obstacle to the plaintiff's success on the merits, *cf. Mast, Foos & Co. v. Stover Mfg. Co.*, *supra*, 177 U.S. at 495; *Deckert v. Independence Shares Corp.*, 311 U.S. 282, 287 (1940); *CES Publishing Co. v. St. Regis Publications, Inc.*, *supra*, 531 F.2d at 15; Wright & Miller, *Federal Practice and Procedure*, *supra*, § 2962 at 629 & n.27; 7

Moore's Federal Practice ¶65.21 at 65-156 to 65-157 (2d ed. 1978).

To be "final" for purposes of collateral estoppel the decision need only be immune, as a practical matter, to reversal or amendment. "Finality" in the sense of 28 U.S.C. § 1291, is not required. Judge Friendly said in *Lummus Co. v. Commonwealth Oil Refining Co.*, 297 F.2d 80, 89 (2d Cir. 1961), *cert. denied*, 368 U.S. 986 (1962),

> Whether a judgment, not "final" in the sense of 28 U.S.C. § 1291, ought nevertheless be considered "final" in the sense of precluding further litigation of the same issue, turns upon such factors as the nature of the decision (i.e., that it was not avowedly tentative), the adequacy of the hearing, and the opportunity for review. "Finality" in the context here relevant may mean little more than that the litigation of a particular issue has reached such a stage that a court sees no really good reason for permitting it to be litigated again.

Zdanok v. Glidden Co., 327 F.2d 944, 955 (2d Cir.), *cert. denied*, 377 U.S. 934 (1964). *See also Kurlan v. Commissioner*, 343 F.2d 625, 628-629 n.1 (2d Cir. 1965); *United States ex rel. DiGiangiemo v. Regan*, 528 F.2d 1262, 1265 (2d Cir. 1975), *cert. denied*, 426 U.S. 950 (1976).

Restatement (Second) of Judgments § 41 (Tent. Draft No. 1, 1973) has adopted the view of the Second Circuit. *See id.* § 41, Reporter's Note to Comment *g*. Section 41 states:

> The rules of res judicata are applicable only when a final judgment is rendered. However, for purposes of issue preclusion (as distinguished from merger and bar), "final judgment" includes any prior adjudication of an issue in another action between the parties that is determined to be sufficiently firm to be accorded conclusive effect.

Restatement, supra, § 41, Comment *g*, discusses the factors relevant to the determination of "firmness" called for in § 41 as follows:

> [T]he court should determine that the decision to be carried over was adequately deliberated and firm even if not final in the sense of forming a basis for a judgment already entered. This preclusion should be refused if the decision was avowedly tentative. On the other hand, that the parties were fully heard, that the court supported its decision with a reasoned opinion, that the decision was subject to appeal or was in fact reviewed on appeal, are factors supporting the conclusion that the decision is final for the purpose of preclusion.

These standards are satisfied by the *Heileman* decision. For purposes of the law of collateral estoppel, that decision was a final determination that "LITE" is generic and therefore not entitled to trademark protection. *See Restatement, supra,* § 41, Comment *g,* Illustration 1. That determination is an insuperable obstacle to Miller's claims based upon its ownership of trademark rights in "LITE" in that case, *CES Publishing Corp. v. St. Regis Publications, Inc., supra,* 531 F.2d 11, and all other cases.

III.

Cancellation of Registration

Miller argues that even if "light" is generic its trademark registrations of "LITE" should not be ordered cancelled, because the misspelled version is not generic. *Heileman* is said to have determined "at most," only that "light" is generic, since Heileman only used the latter spelling. Moreover, only Miller and its predecessor Meister Brau have used "LITE," so it cannot be generic, says Miller.

As we pointed out in *Heileman,* however, 561 F.2d at 79, a generic term cannot be appropriated through the device of misspelling it. This rule has been applied to a word registered under an earlier trademark statute, *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.,* 220 U.S. 446, 455 (1911), and no reason has been suggested why it should be inapplicable to a word registered under the Lanham Act. The district court did not err in ordering the registrations cancelled.

IV.

Protection from Unfair Competition

In addition to alleging trademark infringement, Miller included in its complaint, as amended, a claim that Schlitz is "palming off [its] product as Miller's." The district court dismissed this claim as well as the trademark claims on the ground of collateral estoppel.

In its brief before us Miller ties its unfair competition argument to its trademark claim, arguing that, even if generic, "LITE" is entitled to some protection if it can be shown that some consumers associate that word with Miller. In three of the cases on which Miller relies, a formerly exclusive trademark right to a proper name or a coined word had been lost because the name had become generic, and the court required a latecomer using that word to state the source of the product. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 186 (1896); *King-Seeley Thermos Co. v. Aladdin Industries, Inc.*, 321 F.2d 577, 581 (2d Cir. 1963); *DuPont Cellophane Co. v. Waxed Products Co.*, 85 F.2d 75, 82 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936), 304 U.S. 575 (1938). The other case, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118-119 (1938), does contain a statement supporting the argument that, even in the case of a common generic name, if many people have come to associate the name with the plaintiff, the defendant, in exercising its right to use that name, should be required to "use reasonable care to inform the public of the source of its product." *Id.* at 119. In the case at bar, the only alleged Schlitz use, "Schlitz Light Beer," identifies Schlitz as the source of the product.

The absence of trademark protection does not mean that Miller must submit to a competitor's palming off of its product as the product of Miller. The difficulty with its palming off claim, as presently alleged, is that it is based upon the same facts as the trademark infringement claims. These facts are in substance that Miller sold large quantities of light beer under the trademark "LITE," expended large sums to promote that trademark, and thereby succeeded in gaining recognition for the word among beer drinkers as the name for

Miller's light beer; and that Schlitz intends to sell a beer labelled "Schlitz Light Beer," which will cause consumer confusion because of the similarity of "LITE" and "Light," which are pronounced identically. Miller does not allege that consumer confusion or a likelihood thereof arises from failure of Schlitz adequately to identify itself as the source of its beer; from a confusingly similar dress used by Schlitz for its beer, which might result from such factors as the label's style, the relative size of words in the label, the configuration and color of the label, and even the misspelling of "light" in the label; from Schlitz' use of advertising calculated to lead to confusion; or from any cause except Schlitz' use of the word "light" in the product name "Schlitz Light Beer."[9] Since Schlitz is entitled to use that word in describing its beer, that use alone cannot give rise to an unfair competition claim. *Cf. Kellogg Co. v. National Biscuit Co., supra,* 305 U.S. at 116-117, 121-122.[10] Accordingly, in view of the facts on which the palming off claim is based, the district court correctly concluded that what had been alleged was not sufficient to constitute unfair competition.

Nevertheless, in view of general allegations concerning customer confusion incorporated by reference into the palming off allegations of the amended complaint, the liberal rules of federal pleading, and the fact that certain claims are still pending in the district court and presumably must be tried, we think it would be unjust to foreclose Miller from amending to state an unfair

[9] For examples of facts not establishing trademark infringement but nevertheless held to amount to unfair competition, *see Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.,* 549 F.2d 368, 382-386 (5th Cir. 1977); *American Safety Table Co. v. Schreiber,* 269 F.2d 255, 275-276 (2d Cir. 1959); *cf. Midwest Plastics Corp. v. Protective Closures Co.,* 285 F.2d 747, 750 (10th Cir. 1960).

[10] *Compare Standard Paint Co. v. Trinidad Asphalt Co.,* 220 U.S. 446, 461 (1911) (decided under Trademark Act of 1905), *with Armstrong Paint & Varnish Works v. Nu-Enamel Corp.,* 305 U.S. 315, 335 n.24 (1938) (decided under 1920 Act). The *Nu-Enamel* case involved a term the Court viewed as "descriptive." *See Abercrombie & Fitch Co. v. Hunting World, Inc., supra,* 537 F.2d at 9 n.10.

competition claim if it has one. Such a claim would presumably require little if any additional discovery and could be tried with the claims that are still pending in the district court.[11] Accordingly, with respect to the palming off claim alleged in the amended complaint, the summary judgment is vacated and the case is remanded for further proceedings.

The judgment of the district court is affirmed in part and vacated in part, and the case is remanded for any further proceedings required by this opinion.

AFFIRMED IN PART; VACATED AND REMANDED IN PART.

A true Copy:

Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

[11] As to jurisdiction, § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), creates a limited federal remedy for unfair competition. *See L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649, 650-651 (3d Cir. 1954); *Alfred Dunhill Ltd. v. Interstate Cigar Co.*, 499 F.2d 232, 236 (2d Cir. 1974). To the extent that conduct is alleged that would not be actionable under § 43(a) but would be under state law, pendent jurisdiction would presumably exist. We express no definitive opinion on these matters or concerning choice of law over any state law claim that might be alleged, as to which, *see* 1A *Moore's Federal Practice* ¶0.326 (2d ed. 1978).

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APPENDIX B

MILLER BREWING COMPANY,

Plaintiff,

v.

JOS. SCHLITZ BREWING CO.,

Defendants.

No. 75-C-636.

United States District Court,

E. D. Wisconsin.

April 6, 1978.

DECISION AND ORDER

MYRON L. GORDON, *District Judge.*

The defendant has filed a motion for partial summary judgment dismissing those counts of the plaintiff's complaint which depend upon the plaintiff's ownership of the trademark "Lite" for its beer. The defendant's motion also seeks an order directing the Commissioner of Patents and Trademarks to rectify the register by cancelling the plaintiff's registrations of "Lite." The defendant has also filed a motion to amend its answer. The motion to amend is not opposed by the plaintiff and will therefore be granted. The plaintiff has requested leave to file a rebuttal brief to answer new matters raised in the defendant's reply brief. Such request is granted, and the rebuttal

brief, which has been received by the court, will be considered in the instant decision.

The portions of the amended complaint to which the defendant's motion is directed include the first two claims for relief, seeking injunctive relief and damages, respectively, for the defendant's alleged infringement of the plaintiff's registered trademark "Lite;" the third and fourth claims for relief, seeking injunctive relief and damages, respectively, for the defendant's alleged violation of the Lanham Trademark Act, 15 U.S.C. § 1125(a); and parts of the fifth and sixth claims for relief, which seek injunctive relief and damages, respectively, for various forms of common law unfair competition. The only claims of the amended complaint which would survive the defendant's motion, if granted, are the portions of claims 5 and 6 which seek injunctive relief and damages for knowingly false disparagement of the plaintiff's product.

The defendant's motion is based on alternative grounds. First, relying on the collateral estoppel doctrine of *Blonder-Tongue* v. *University of Illinois Foundation,* 402 U.S. 313, 91 S.Ct. 1434, 28 L.Ed.2d 788 (1971), the defendant contends that the decision of the court of appeals for the seventh circuit in *Miller Brewing Co.* v. *G. Heileman Brewing Co.,* 561 F.2d 75, cert. denied, 434 U.S. 1025, 98 S.Ct. 751, 54 L.Ed.2d 772 (1977), forecloses all of the plaintiff's claims which depend upon the plaintiff's ownership of the trademark "Lite." Second, the defendant argues that it is entitled to partial summary judgment even without the benefit of the collateral estoppel doctrine based on the record in this case.

Although the plaintiff opposes summary judgment on both grounds, the parties agree that if summary judgment is granted because "Lite" is a generic term, the defendant's request for an order cancelling the plaintiff's trade-

mark registration nos. 905,236, 929,276, and 929,277, should be granted.

In my judgment, the defendant is entitled to partial summary judgment based on the doctrine of collateral estoppel and the *Heileman* case.

The plaintiff's position is that the court of appeals' decision in *Heileman* only reversed the district court's grant of a preliminary injunction and therefore did not foreclose a trial in either the *Heileman* case or, a fortiori, in this case. From a submission of the defendant dated February 16, 1978, it appears that *Heileman* is pending before the district court on an order to show cause why judgment should not be entered for the defendant.

As a general rule, the decision of a district court or court of appeals at the preliminary injunction stage does not preclude further litigation of the merits of the case. However, if the court reviews the merits of the case and discovers an insuperable obstacle to the plaintiff's action, the action may be dismissed without a trial. *Mast, Foos & Co.* v. *Stover Manufacturing Co.*, 177 U.S. 485, 20 S.Ct. 708, 44 L.Ed. 856 (1900).

In *CES Publishing Corp.* v. *St. Regis Publications, Inc.*, 531 F.2d 11 (2d Cir. 1975), the court of appeals reviewed a district court's denial of a motion for a preliminary injunction in a trademark action. The district court had held that the trademark "Consumer Electronics," as applied to a trade magazine for consumers of electronic equipment, is a generic term incapable of trademark protection. The district court denied the plaintiff's motion for a preliminary injunction but declined to grant the defendant's motion to dismiss, believing that proof of secondary meaning might sustain the plaintiff's trademark claims. Finding the latter determination to be erroneous, the court of Ap-

peals instructed the district court t. dismiss the complaint with prejudice as to the federal cla.ns, stating:

> "Although we have no jurisdiction of defendant's cross-appeal since the denial of its motions to dismiss was not a final judgment, 28 U.S.C. § 1291, it has been clear since *Smith* v. *Vulcan Iron Works,* 165 U.S. 518, 17 S.Ct. 407, 41 L.Ed. 810 (1897), that, as stated in *Metropolitan Water Co.* v. *Kaw Valley Drainage District,* 223 U.S. 519, 523, 32 S.Ct. 246, 248, 56 L.Ed. 533 (1912), 'on appeal from a mere interlocutory order, the circuit court of appeals might direct the bill to be dismissed if it appeared that the complainant was not entitled to maintain its suit.' See also *Meccano, Ltd.* v. *John Wanamaker,* 253 U.S. 136, 140-41, 40 S.Ct. 463, 64 L.Ed. 822 (1920)." 531 F.2d at 15.

Unquestionably, a dismissal under such circumstances is a drastic remedy and must be employed only where clearly appropriate. The question, therefore, is whether the court of appeals in *Heileman* reviewed the merits of the plaintiff's claim and found an insuperable obstacle to Miller's maintenance of the litigation.

The court's unambiguous holding confirms that Miller's trademark claims predicated on its ownership of the mark "Lite" are fatally flawed:

> "We hold that, because 'light' is a generic or common descriptive word when applied to beer, neither that word nor its phonetic equivalent may be appropriated as a trademark for beer." 561 F.2d at 77.

In its summary of trademark law the court noted that a generic or common descriptive term "cannot become a trademark under any circumstances." 561 F.2d at 79. Thus, the court's unequivocal categorization of "light"

and its phonetic equivalent "Lite" as generic or common descriptive terms created an insuperable obstacle to Miller's successful prosecution of its suit.

It is significant that the court of appeals reached the merits while recognizing that the factual record in the *Heileman* suit was less expansive than the record in the case at bar:

> "The record before us (although less complete than that in at least one of the other pending cases [referring, in a footnote, to this case]) and facts of which we may take judicial notice, including generally accepted English usage, enable us to conclude that 'light' is a generic or common descriptive term when used with 'beer.'" 561 F.2d at 80.

Furthermore, the court did not state that probability of success has not been established by Miller, but rather stated that "probability of success *cannot* be established." 561 F.2d at 81 (emphasis supplied). I am persuaded that the court of appeals did not merely find the district court's grant of a preliminary injunction to be erroneous, but, rather, it proceeded to reach the merits and to find a fatal impediment to the plaintiff's trademark claims predicated on the mark "Lite."

The plaintiff argues that the court of appeals in *Heileman* could not have intended to foreclose further litigation of the trademark claims without expressly dismissing those claims in its mandate. However, the mandate in *Heileman,* a copy of which has been supplied in an affidavit submitted by the defendant, reversed the district court's order "in accordance with the opinion of this court." The absence of an express order for dismissal in the court of appeals' mandate does not prevent dismissal under these circumstances. *Metropolitan Water Co.* v. *Kaw Valley Drainage District,* 223 U.S. 519, 523, 32 S.Ct. 246, 56 L.Ed. 533 (1912).

Appendix B

The remaining question, thus, is whether Miller is bound by the *Heileman* decision as to its claims in this action under the standards set forth in *Blonder-Tongue Laboratories* v. *University of Illinois Foundation,* 402 U.S. 313, 91 S.Ct. 1434, 28 L.Ed.2d 788 (1971). Miller contends that it is not estopped because it did not have a "full and fair opportunity to litigate" the question in *Heileman* whether "light" or "Lite" are generic terms. *Blonder-Tongue,* supra, 402 U.S. at 329, 91 S.Ct. 1434. It is urged that because the *Heileman* proceedings were at the preliminary injunction stage, Miller could not have had a *full* opportunity to litigate the question.

I am not convinced that the plaintiff has not had a full opportunity to present its claim. To the extent that the plaintiff's argument is premised on the purported impropriety of a dismissal of its case at the preliminary injunction stage, the argument is defeated by what has previously been stated in this decision. Moreover, the plaintiff had a full opportunity to place its position before the court of appeals in *Heileman* through briefing, oral argument, and a petition for rehearing. For these reasons, I believe that the plaintiff is estopped from maintaining the trademark claims in this action. In view of the court of appeals' determination that "light" is a generic term incapable of trademark protection, the defendant's request for an order directing the Commissioner of Patents and Trademarks to cancel the plaintiff's registrations of "Lite" will be granted pursuant to 15 U.S.C. § 1119.

There being no just reason for delay, an order will be made directing the entry of final judgment at this time.

Therefore, It Is Ordered that the defendant's motion for leave to file an amended answer be and hereby is granted.

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IT IS ALSO ORDERED that the defendant's motion for partial summary judgment be and hereby is granted.

IT IS FURTHER ORDERED that the Commissioner of Patents and Trademarks rectify the register by cancelling trademark registration nos. 905,236, 929,276, and 929,277.

IT IS FURTHER ORDERED that judgment be entered dismissing the first four claims for relief and the portions of the fifth and sixth claims for relief which depend on the plaintiff's ownership of the trademark "Lite."

APPENDIX C

Opinion of the United States Court of Appeals for the Seventh Circuit

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 77-1246

MILLER BREWING COMPANY,
Plaintiff-Appellee,

v.

G. HEILEMAN BREWING COMPANY, INC.,
Defendant-Appellant.

Appeal from the United States District Court for the
Western District of Wisconsin
No. 76-C-584—James E. Doyle, *Judge.*

ARGUED APRIL 26, 1977—DECIDED AUGUST 17, 1977

Before TONE, BAUER and WOOD, *Circuit Judges.*

TONE, *Circuit Judge.* This appeal presents the question whether a misspelled version of the word "light" can become a trademark for a "less filling, low-calorie

beer." The District Court answered the question affirmatively and, based on that determination, granted a preliminary injunction, which this court has stayed pending appeal. We hold that, because "light" is a generic or common descriptive word when applied to beer, neither that word nor its phonetic equivalent may be appropriated as a trademark for beer. We therefore reverse the preliminary injunction order.

In May of 1967 a now defunct Chicago brewer, Meister Brau, Inc., began making and selling a reduced calorie, reduced carbohydrate beer under the name "LITE." Late in 1968 that company filed applications for registration of "LITE" as a trademark on the principal register in the United States Patent Office, which ultimately approved three registrations[1] on the principal register of labels containing the name "LITE" for "beer with no available carbohydrates."[2] Meister Brau continued producing and selling beer under the brand name "LITE" in the Chicago area during 1970 and 1971. In 1971 it changed the label used on cans and bottles to eliminate the words "Meister Brau," which had appeared above the word "LITE."

In 1972, with its demise iminent, Meister Brau sold its interest in the "LITE" trademarks, the registrations thereof, and the accompanying goodwill to the plaintiff

1. All three applications were filed in November 1970. The first, Registration No. 905,236, showing a label with only the word "LITE," written in script, was registered December 29, 1970. The second, Registration No. 929,276, showing the words "Meister Brau" in capital letters and underneath the word "LITE" in script similar to the first registration, was registered February 15, 1972. The third, Registration No. 929,277, showing only the word "LITE," written in script similar to that used in the other two registrations, was also registered February 15, 1972.

2. "Available" in this sense means "capable of being utilized by a[n] . . . animal." *Webster's Third New International Dictionary* 150 (1971).

Miller Brewing Company. For a time Miller continued selling beer under that brand in the Meister Brau marketing area in somewhat smaller quantities than Meister Brau had distributed.

Miller then decided to expand its marketing of beer under the brand "LITE." It developed a modified recipe, which resulted in a beer lower in calories than Miller's regular beer but not without available carbohydrates. The label was revised and one of the registrations was amended to show "LITE" printed rather than in script.[3] In addition, an extensive advertising campaign was undertaken. From 1973 through 1976, Miller expanded its annual sales of "LITE" from 50,000 barrels to 4,000,000 barrels and increased its annual advertising expenditures from $500,000 to more than $12,000,000. In support of its motion for a preliminary injunction in this case, Miller submitted the results of a survey which, as the District Court noted in its opinion and order, showed "that between December, 1975 and March, 1976, a substantial percentage of beer drinkers perceived LITE (43%), Miller LITE (11%) or LITE from or by Miller (1%) as a distinct brand name indicative of a low-calorie or less-filling beer."

Since early 1975 a number of other brewers have introduced reduced calorie beers labeled or described as "light."[4] One of these, although not the first, was the defendant G. Heileman Brewing Company, Inc., which began using the name on a beer low in calories but containing available carbohydrates in five test markets in 1976. Heileman had long been engaged in the production

3. Registration No. 929,277 was so amended in June 1975.

4. The beer industry apparently has refrained from describing any of its products as "low-calorie" since 1955, pursuant to the request of the Alcohol and Tobacco Tax Division of the Internal Revenue Service. [Affidavit of James Van Santen, ¶9 (Feb. 8, 1977).]

and sale of other brands of beer, among which were "Old Style" and "Special Export." The small print on the label Heileman has used for many years for its "Old Style" beer describes that product as "light lager beer."

Miller began filing trademark infringement actions against competitors to enjoin the use of the word "light" at least as early as October 1975, but none of the cases has yet come to trial. Miller did not seek a preliminary injunction against any competitor until the filing of the instant action in November 1976. Two of the seven other brewers against whom actions are pending, Jos. Schlitz Brewing Co. and Peter Hand Brewing Company, have filed briefs *amici curiae* in this action.

On the basis of affidavits and other written material, the District Court in the case at bar enjoined Heileman from continuing to sell, advertise, and distribute beer "anywhere in the United States, under the brand name incorporating the word 'Light' in the manner of the label attached to the complaint herein . . . and under any colorable imitation of" the labels which had been registered with the Patent Office. This interlocutory appeal is taken from that order as later modified. The label used by Heileman at the time the injunction was entered featured the word "Light" in print much larger than the name "Heileman." As an alternative to its motion in the District Court to vacate the injunction order, Heileman filed a declaration of intent to change its label to a form in which the name "Heileman" and the word "Light" appeared in the same size print and a motion for a determination that the new label would not be a "colorable imitation" of the registered labels. The District Court declined to decide the alternative motion, noting that Heileman apparently intended to proceed with the change in labels only if the court declared that the new label was not a colorable imitation of the registered trademarks. Heile-

man nevertheless proceeded to change its label to the new form and, after the appeal had been docketed, filed in this court a "notification of label change" reciting that, effective no later than April 15, 1977, it "will have wholly abandoned use of the word 'Light' in the form of the [old] "label."

Mootness

Before reaching the merits, we must consider the effect of Heileman's formal abandonment of the old label. Assuming without deciding that this act deprived Heileman of standing to challenge the part of the injunction directed against that label or rendered moot any issue as to that label, the appeal is nevertheless not moot. The injunction also runs against "any colorable imitation" of three registered labels, two of which consist simply of the misspelled word "lite." This added proscription must be read in the context, first, of the prohibition against use of the old label, which was not a colorable imitation of the registered labels in any sense except its prominent use of the word "light," spelled correctly, and, second, of the district judge's memorandum and supplements thereto, which make it clear that he believed Miller would probably prevail on its claim to the exclusive use of the word "lite" and its phonetic equivalent on low-calorie beer. So read, we believe the colorable imitation clause is intended to enjoin the use of the word "light" in any prominent way on a label for low-calorie beer. Therefore, the case is not moot.

The Effect of Registration

Miller claims the benefit of 15 U.S.C. §1115(a), which provides that registration on the principal register

> "shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the

goods or services specified in the registration subject to any conditions or limitations stated theerin. . . .'"[5]

The three registrations on which Miller relies specify "beer with no available carbohydrates" as the goods on which the registered mark is to be used. This limitation came about because the Patent Office refused registration on the applications as initially filed, which described the goods as "beer," on the ground that "LITE" was "merely descriptive" and therefore not registrable because of 15 USC §1052(e)(1). In response to this action, Meister Brau offered evidence of secondary meaning, but in addition its attorney stated that "the beer in connection with which Applicant uses this mark is no-available carbohydrates beer . . ." and also had "one-third less calories than ordinary draft beer," and that "LITE" was suggestive rather than merely descriptive of these qualities. The examiner then required that the applications be amended to describe the goods to which the mark applied as "beer with no available carbohydrates" and they were so amended. We hold that the statute means what it says. The registrations are prima facie evidence of Miller's exclusive right to use the word "LITE" for beer with no available carbohydrates, not for any beer, a breadth of coverage which the applicant disclaimed by amending its applications. Inasmuch as the beer marketed by Heileman as its "Light" beer contains available carbohydrates, as indeed does Miller's "LITE," the registrations are not prima facie evidence of Miller's exclusive right to use the mark on that beer. Thus, although we think the result would be the same whether or not §1115(a) applied, Miller's brand name "LITE" must be evaluated under the common law of trademarks without the benefit of registration.

5. Miller does not argue that the mark is incontestable. It could acquire that status only through the filing of an affidavit in the Patent Office under 15 U.S.C. §1065 (Supp. V 1975).

Appendix C

General Principles

The basic principles of trademark law which are applicable here have often been stated, *e.g., Abercrombie & Fitch Co.* v. *Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976); *Union Carbide Corp.* v. *Ever-Ready, Inc.*, 531 F.2d 366, 378-379 (7th Cir.) *cert. denied*, 97 S. Ct. 91 (1976), and may be briefly summarized. A term for which trademark protection is claimed will fit somewhere in the spectrum which ranges through (1) generic or common descriptive and (2) merely descriptive to (3) suggestive and (4) arbitrary or fanciful. As the ease with which hues in the solar spectrum may be classified on the basis of perception will depend upon where they fall in that spectrum, so it is with a term on the trademark spectrum.

A generic or common descriptive term is one which is commonly used as the name or description of a kind of goods. It cannot become a trademark under any circumstances. *William R. Warner & Co.* v. *Eli Lilly & Co.*, 265 U.S. 526, 528 (1924); *Henry Heide, Inc.* v. *George Ziegler Co.*, 354 F.2d 574, 576 (7th Cir. 1965); *CES Publishing Corp.* v. *St. Regis Publications, Inc.*, 531 F.2d 11, 13 (2d Cir. 1975). Using the phonetic equivalent of a common descriptive word, *i.e.*, misspelling it, is of no avail. *American Aloe Corp.* v. *Aloe Creme Laboratories, Inc.*, 420 F.2d 1248, 1252-1253 (7th Cir.), *cert. denied*, 398 U.S. 929, 400 U.S. 820 (1970).

A merely descriptive term specifically describes a characteristic or ingredient of an article. It can, by acquiring a secondary meaning, *i.e.*, becoming "distinctive of the applicant's goods" (15 U.S.C. §1052(f)), become a valid trademark. See *Abercrombie & Fitch Co.* v. *Hunting World, Inc., supra*, 537 F.2d at 10.

A suggestive term suggests rather than describes an ingredient or characteristic of the goods and requires the observer or listener to use imagination and perception to

determine the nature of the goods. Such a term can be protected without proof of a secondary meaning. *Id.* at 11.

An arbitrary or fanciful term enjoys the same full protection as a suggestive term but is far enough removed from the merely descriptive not to be vulnerable to possible attack as being merely descriptive rather than suggestive. *Id.*

Miller's Position

Although Miller argued in the District Court that "LITE" was suggestive, and persuaded the District Court that this was so with respect to the quality of being reduced in calories, it conceded in oral argument before us that the choice is between (1) generic or common descriptive and (2) merely descriptive.[6] Miller argues that light beer is not a "genus," indeed that "light," as an adjective, cannot be a generic or common descriptive term, and that it is a merely descriptive term that has acquired a secondary meaning.

An Adjective as a Generic Term

The fact that "light" is an adjective does not prevent it from being a generic or common descriptive word. See 1 J. T. McCarthy, *Trademarks and Unfair Competition* §12:2 at 409 (1973); *Application of Preformed Line Products Co.*, 323 F.2d 1007 (C.C.P.A. 1963); *Application of Helena Rubinstein, Inc.*, 410 F.2d 438 (C.C.P.A. 1969). See also 3 Callman, *The Law of Unfair Competition, Trademarks and Monopolies* §§70.4, 74.1 (3d ed. 1969), which Miller calls "the leading treatise." This must be the law, given the

6. In its brief it says that it does not matter whether the term is suggestive or merely descriptive because "either way it is susceptible of appropriation as a trademark for less filling, reduced calorie beers." On this record, this is probably correct, because even if the mark is merely descriptive there is enough evidence of secondary meaning to support the District Court's order. If it were suggestive, proof of secondary meaning would be unnecessary.

reason for the rule that precludes appropriation of a common descriptive word, *viz.*, otherwise "a competitor could not describe his goods as what they are." *CES Publishing Corp.* v. *St. Regis Publications, Inc., supra,* 531 F.2d at 13. Ordinarily, as here, the adjective which is sought to be appropriated in its generic sense[7] as a trademark will be a part of a name. See, *e.g., Roselux Chemical Co.* v. *Parsons Ammonia Co.,* 299 F.2d 855, 863 (C.C.P.A. 1962) ("sudsy" ammonia). If "light beer" is a generic name, then "light" is a generic word when used as part of that name.

"Light" Is Generic

The record before us (although less complete than that in at least one of the other pending cases[8]) and facts of which we may take judicial notice, including generally accepted English usage, enable us to conclude that "light" is a generic or common descriptive term when used with "beer."

"Light" has been widely used in the beer industry for many years to describe a beer's color, flavor, body, or alcoholic content, or a combination of these or similar characteristics.[9] The use of that word by Heileman and other brewers long antedated either Miller's or Meister

7. Of course a word that is generic when used in its ordinary sense can be classified at the other end of the spectrum, arbitrary or fanciful, if used in an arbitrary or fanciful sense. *Abercrombie & Fitch Co.* v. *Hunting World, Inc.,* 537 F.2d 4, 10 (2d Cir. 1976).

8. So we are informed by Jos. Schlitz Brewing Co., defendant in that case, and *amicus curiae* here.

9. *E.g.,* cited by the Patent Examiner against Meister Brau's original applications for registration was Storz Brewing Company's registration (circa 1954), "America's Light Refreshing Beer." When Heileman sought to register "America's Great Light Beer," which it had used for its Blatz brand beer since 1970, the Patent Office required a disclaimer of "light beer" as a condition to granting registration.

Brau's use of "LITE." The definition given in *Webster's Third New International Dictionary, supra,* at 1308, of "light" as an adjective includes the following:

> "10 *of a beverage* a: having a comparatively low alcoholic content ([light] wines and beers) b: having a low concentration of flavoring congenerics : characterized by a relatively mild flavor : not heavy 11a: capable of being easily digested (a [light] soup) . . . ."

The comparable definition in the previous, and for many the classic, edition of the same dictionary is as follows:

> "3. . . . a Easy to be digested; not oppressive to the stomach; as, *light* food . . . ."
>
> • • •
>
> "11. Of wines, beers, etc., not heavy or strong; having a relatively small percentage of alcohol."

Webster's New International Dictionary 1429 (2d ed. 1940). The definition of "pilsner" or "pilsener" in *Webster's Third New International Dictionary, supra,* at 1716, is:

> "1. a: light Bohemian beer with a strong hop flavor b: a beer of a similar type . . . ."

Similar definitions and usage are found in reference works on chemical technology, industry publications, and magazines and newspapers generally. Indeed, state statutes even use "light beer" as a generic or common descriptive term.[10] "Light" is clearly a common descriptive word when used with beer.

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10. 37 Okla. Stats. §506(12), (13) (1951); Utah Stats. §§32-4-10, 32-4-14 through 32-4-17 (1953). The word "light" is also used to describe wine with a low alcohol content. 1947 Ark. Stats. §48-503; D.C. Code §25-103(c), 25-111, as amended (1977); La. Rev. Stats. §26:71.1 (1975); 1957 Ann. Code of Md., Article 2B, §§2(c), 3, 12A, 13 through 16, as amended (1976); 1972 Ann. Code of Mississippi §§67-3-1, 67-3-5, 67-3-13.

Appendix C

"Light" is also a common descriptive word in other similar contexts. Miller's president testified by deposition in this case that Miller chose the word "LITE" for its low-calorie beer because of its desire to capitalize on the trend of "consumer products going lighter all over the world, be it foods, be it whiskeys, be it cigarettes," as well as to "convey the message that it would be lighter in taste" and to communicate "the conception of a less filling product." Miller's parent company, Philip Morris, Inc., registered "Light" (Registration No. 878-062) and used that word as a brand name for cigarettes (Marlboro Light). Judge Stewart held the word to be descriptive and ordered the registration cancelled in *Philip Morris, Inc.* v. *R. J. Reynolds Tobacco Co.*, 188 U.S.P.Q. 289 (S.D.N.Y. 1975), a decision from which no appeal was taken. The word is also used by Pepsico, Inc. for "Pepsi Light" a soft drink described as having "half the calories out."

Miller argues that it uses the word as the name for "less filling, low-calorie" beer, and that "light" has not heretofore been used in that sense. This argument fails for two reasons. First, "less filling" means essentially light in body and taste and not oppressive to the stomach, which is a common descriptive meaning of "light"; and, as Miller conceded in its brief, the caloric content of beer depends primarily on alcoholic content.[11] Second, even if Miller had given its light beer a characteristic not found in other light beers, it could not acquire the exclusive right to use the common descriptive word "light" as a trademark for that beer. Other brewers whose beers have qualities that make them "light" as that word has com-

11. Miller attempted at oral argument to qualify this concession, Heileman having pointed out in its reply brief that "low in calories" adds nothing to "low in alcoholic content." In any event, we can take judicial notice that alcoholic and caloric content go hand in hand.

monly been used remain free to call their beer "light." Otherwise a manufacturer could remove a common descriptive word from the public domain by investing his goods with an additional quality, thus gaining the exclusive right to call his wine "rosé," his whiskey "blended," or his bread "white."

The word "light," including its phonetic equivalent "lite," being a generic or common descriptive term as applied to beer, could not be exclusively appropriated by Miller as a trademark, "despite whatever promotional effort [Miller] may have expended to exploit it." *Henry Heide, Inc.* v. *George Ziegler Co., supra,* 354 F.2d at 576; see *Abercrombie & Fitch Co.* v. *Hunting World, Inc., supra,* 537 F.2d at 9-10. Because probability of success cannot be established, other issues argued by the parties need not be decided, and the preliminary injunction must be reversed.

REVERSED.

A true Copy:
Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

APPENDIX D

Opinion and Order of James E. Doyle, District Judge, Dated January 21, 1977

UNITED STATES DISTRICT COURT

W. D. WISCONSIN

MILLER BREWING COMPANY,

Plaintiff,

v.

G. HEILEMAN BREWING CO., INC.,

Defendant.

No. 76-C-584

Jan. 21, 1977

John D. Winner, Winner, McCallum & Hendee, Madison, Wis., Anthony Fletcher, Conboy, Hewitt, O'Brien & Boardman, New York City, Allen W. Leiser, Quarles & Brady, Milwaukee, Wis., for plaintiff.

James Van Santen, Hill, Gross, Simpson, Van Santen, Steadman, Chiara & Simpson, Chicago, Ill., Steven E. Keane and John S. Skilton, Foley & Lardner, Milwaukee, Wis., for defendant.

JAMES E. DOYLE, *District Judge.*

This is an action for trademark infringement, false designation of origin, and unfair competition by plaintiff (Miller). Miller seeks a preliminary injunction to prevent defendant's (Heileman's) continued sale, advertising, and distribution of beer under a brand name incorporating the word "LIGHT," the word "LITE," or any colorable

imitation of either word. For the purposes of this motion only, I make the findings of fact set forth hereinafter under the heading "Facts."

Jurisdiction exists for the trademark infringement cause of action under 15 U.S.C.A. §1121 (1974) and 28 U.S.C.A. §1338(a) (1976).

Facts

Miller and Heileman are brewers and sellers of beer. Miller distributes its beer nationally; Heileman, in several regions. As of the end of 1975, Miller was the nation's fourth largest brewer, selling 12.8 million barrels of beer in 1975; Heileman was seventh, selling 4.5 million barrels of beer.

About May 1967, Meister Brau, Inc. (Meister Brau), a Chicago brewer, began brewing and selling a reduced calorie beer which it sold under the trademark (MEISTER BRAU) LITE.

In November 1968, Meister Brau applied to register LITE as a trademark for beer on the principal register in the United States Patent Office. The Patent Office initially refused registration under 15 U.S.C. §1052(e) on the ground that LITE was "merely descriptive" and might cause confusion with similarly registered trademarks of other non-beer products. Meister Brau overcame this objection by demonstrating to the satisfaction of the Patent Office that the mark had acquired a "distinctiveness" in the commerce of beer and thus was entitled to registration under *id.* §1052(f). The evidence supporting this finding of distinctiveness consisted of affidavits by Meister Brau executives showing sales of over 60 million bottles and cans of this brand of beer, extensive advertising of the brand on television and in the print media, and letters from five competing beer producers recognizing

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LITE as a distinct brand name cultivated by Meister Brau.[1]

On the basis of Meister Brau's showing, the Patent Office approved three registrations on the principal register for beer with no available carbohydrates.

Reg. No.	*Date*	*Trademark*
905,236	Dec. 29, 1970	LITE label (Color blue)
929,276	Feb. 15, 1972	Meister Brau Lite design (color blue)
929,277	Feb. 15, 1972	LITE design (no color)[2]

Meister Brau continued producing and marketing LITE beer during the time these trademark registrations were pending, changing the labeling by 1971 to eliminate the Meister Brau designation above LITE. In 1970 and 1971, Meister Brau sold over 75,000 and 65,000 barrels of LITE, respectively.

Facing bankruptcy in 1972, Meister Brau sold several of its recipes, trademarks and other indicia of good will to Miller. Included in the sale was the assignment of Meister Brau's entire interest in its LITE trademarks and the registrations thereof, and the good will. Miller continued the brand in the core of the Meister Brau marketing area, with its and Meister Brau's (earlier) sales exceeding 55,000 barrels in 1972, and Miller's sales exceeding 50,000 barrels in 1973 and 40,000 barrels in 1974.

Concurrently, Miller re-examined the LITE brand and its marketing, concluding a broader market might exist if several aspects of the brand could be improved. First was taste; Miller believed it could improve the taste quality of LITE, and after a year or more of experimentation,

1. The five companies were P. Ballantine & Sons, Falstaff Brewing Corporation, Pabst Brewing Company, Jos. Schlitz Brewing Company, and the Stroh Brewing Company.

2. Amended by Miller on June 3, 1975.

adopted a modified recipe for LITE. Second was packaging; a revised more vigorous label was designed. Third was advertising; a new, straightforward, "more masculinely" oriented campaign was developed.

Miller tested its revised recipe, packaging and advertising approach, found them successful, expanded its marketing of LITE (replacing the former packaging with the new in the old Meister Brau marketing areas in 1974) and by early 1975 was distributing the brand nationally. The label Miller adopted had the word "LITE" in the most prominent position, the words "A Fine Pilsner Beer" in a somewhat less prominent position, and the Miller name in relatively very small letters.

Miller introduced the revised LITE in four markets in July of 1973, selling over 50,000 barrels (and spending over $500,000 advertising the brand). More than a dozen more markets were added during 1974; sales exceeded 400,000 barrels, advertising expenses, $4,000,000. With national distribution and advertising in 1975, sales exceeded two and one-half million barrels, advertising expenses, $10,000,000. In 1976, more than four million barrels were expected to be sold with more than $12,000,000 to be spent on advertising.

The effect of this advertising has been that between December, 1975 and March, 1976, a substantial percentage of beer drinkers perceived LITE (43%), Miller LITE (11%), or LITE from or by Miller (1%) as a distinct brand name indicative of a low-calorie or less-filling beer.[3]

In August, 1975, The Peter Hand Brewing Company, a small brewery in Chicago, launched a reduced calorie beer under a label which included the words: "Peter Hand"; "A Special Pilsner extra Light Beer"; "Smoother Less-Filling." The word "Light" was by far the most

3. The percentages are based upon the results of a survey, the validity of which I accept in these findings. However, of course, I find that the percentages are approximations of consumer perceptions.

prominent word on the label, much more prominent than the Peter Hand designation. An overwhelming majority[4] of beer-drinking consumers who were allowed to view three different cans of beer—including Peter Hand (extra) Light—for 15 seconds each, identified the Peter Hand product as "LIGHT" or "LITE" and not as a Peter Hand product when asked to identify the beers which they had just seen but were no longer in view. Suit has been brought by Miller against Peter Hand for trademark infringement and is pending in the United States District Court for the Northern District of Illinois.

In November, 1975, the Jos. Schlitz Brewing Company, the nation's second largest brewer, launched a reduced calorie beer bearing a generally yellow label that displayed the word "Light" in by far the most prominent position. The words "Schlitz," "Beer," and "Special Lager" were in the proximity of the word "Light" but were considerably less prominent. There have been numerous examples of actual confusion on the part of consumers between "LITE" and (Schlitz) "Light." Suit was brought by Miller against Schlitz and is pending in the United States District Court for the Eastern District of Wisconsin.

Now, Heileman has introduced a reduced calorie beer in five scattered test markets bearing a label (Exhibit E to the complaint herein) which also prominently displays the word "LIGHT." While this word appears on the "House of Heileman" seal and the word "Heileman" appears three times in the immediate vicinity of the word "LIGHT," the word "LIGHT" is by far the most prominent and eye-catching word on the label. Heileman has

4. The survey upon which this statement is based employed the methodology of intercepting and interviewing 284 beer drinkers in two shopping malls in the Chicago metropolitan area. Since the sample upon which this survey is based was somewhat narrowly drawn, the results could be used for determining the existence of attitudes although not for quantifying them.

expended considerable resources in preparation for the introduction of its low-calorie beer under the "LIGHT" label:

Production Costs	
Cases produced through November 11, 1976	$113,007.00
Beer in tanks	8,405.00
Manufacturing Supplies in Inventory as of November 11, 1976	
Cans	29,352.00
Can Trays	1,157.00
Tray Die Changes	404.00
Can Die Changes	400.00
Media Advertising	
Television production	18,500.00
Print production	3,500.00
Purchase of television time	114,938.00
Purchase of print space	23,932.00
Point of Sale Advertising	
Embossagraph Company	100,558.00
Inland Printing Company	9,710.00
Total	$423,863.00

Heileman has been engaged for some time, and intends to continue to engage, in the production and sale of other brands of beer, notably "Old Style" and "Special Export." Unless enjoined, Heileman will proceed to market its "Light" beer under its mark in competition with Miller's "LITE."

The respective beers of plaintiff and defendant which bear the trademarks in dispute are similar products, and

the parties will be attempting to sell them to the same consuming public through the same general channels of distribution, employing the same general means and media for advertising and promotion. Beer is a relatively inexpensive commodity (as compared with automobiles, clothing, or household furnishings and appliances, for example) and expenditures for it are likely to be made by consumers with less care than expenditures for more expensive items. Although prior to purchase, purchasers of packages of beer in retail stores may see the rival beers in their respective containers, side by side or in close proximity, this will often not be true. It will seldom be true of purchasers of single glasses, bottles, or cans of beer in taverns, restaurants, and night clubs, where orders are placed orally by the customers to the bartenders or waiters. That "LITE" and "LIGHT" are phonetically identical means, of course, that they cannot be distinguished in conversation among members of the public, in radio advertising, or in oral communication between customers and waiters or bartenders.[5]

Opinion

In order to succeed in its motion for a preliminary injunction, plaintiff must demonstrate: (I) that it will probably succeed on the merits; (II) that there is a significant threat of irreparable harm to the plaintiff if the injunction is not granted; (III) that the balance of harms to the defendant and plaintiff if an injunction is or is not issued favors issuance; and (IV) that the public interest will not be disserved by issuance of the injunction. See generally *Doeskin Products* v. *United Paper Co.*, 195 F.2d 356, 358-59

5. The findings in this paragraph are made by the exercise of judicial notice of matters of common knowledge.

(7th Cir. 1952); *Selchow & Righter Co.* v. *Western Printing & L. Co.*, 112 F.2d 430, 431-32 (7th Cir. 1940).

I. The Probability or Improbability that Plaintiff Will Succeed on the Merits

In order for plaintiff ultimately to prevail on its trademark infringement cause of action it must show both that it has a right to the exclusive use of the trademark and that the defendant's use infringes upon that right.

A. Plaintiff's right or lack thereof to the exclusive use of the trademark

A trademark is defined as:

> . . . any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.

15 U.S.C.A. §1127 (1976).

The registration of trademarks is governed by certain statutory provisions, especially 15 U.S.C.A. §§1051, 1052 (1976).[6] The purpose of this registration scheme is not to create a trademark right but simply to provide for trademark publication. *Nashville Syrup Co.* v. *Coca Cola Co.*, 215 F. 527, 529 (6th Cir. 1914), and to allocate burdens of proof in the trial of an action for infringement.

The fact of Meister Brau's (Miller's assignor[7]) registra-

6. The owner of a trademark may register his trademark with the United States Patent Office upon a minimal showing of first-use in commerce. 15 U.S.C.A. §1051 (1976). No trademark shall be refused registration on the principal register on account of its nature except when certain fairly specific conditions are met. *Id.* §1052.

7. The assignment of the trademarks by Meister Brau to Miller is valid given that Meister Brau assigned its entire interest in the mark and the goodwill. See *E. F. Prichard Co.* v. *Consumers Brewing Co.*, 136 F.2d 512, 518-19, 521-22 (6th Cir. 1943), *cert. denied*, 321 U.S. 763, 64 S.Ct. 486, 88 L.Ed. 1060 (1944).

tion[8] of the marks will be admissible in evidence at trial and "shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods . . . specified in the registration . . . ." *Id.* §1115(a).[9] Upon showing at trial Meister Brau's registration and the assignment to it, Miller will be entitled to the presumption that the registration is valid, that Miller is the owner of the mark, and that Miller has exclusive right to use the mark in commerce under the specified conditions and limitations of the registration, but Heileman is free to challenge on its merits Miller's right to the exclusive use of the "LITE" trademark. *Union Carbide Corp.* v. *Ever-Ready, Inc.*, 531 F.2d 366, 378 (7th Cir. 1976), *cert. denied*, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed. 2d 94 (1976).

8. Leaving aside the question of descriptiveness and secondary meaning, there is no indication in the record that the trademark was not registered according to proper procedures. However, Heileman alleges that the registration of plaintiff's mark is invalid because it infringes the previously registered Storz trademark: "America's Light Refreshing Beer." But since this trademark uses "Light" descriptively and in combination with other words, it is not in conflict with plaintiff's mark. See generally *Tisch Hotels, Inc.* v. *Americana Inn, Inc.*, 350 F.2d 609, 611 (7th Cir. 1965); *Nashville Syrup Co.* v. *Coca Cola*, 215 F. 527, 530 (6th Cir. 1914).

9. Plaintiff does not argue that the mark has obtained incontestable status under 15 U.S.C.A. §1065. Such status would limit the alleged infringer to a few defenses explicitly outlined in 15 U.S.C.A. §1115(b) (1974). In particular, if Miller's "LITE" mark had achieved incontestable status, Heileman would be foreclosed from arguing that Miller did not have exclusive rights to the mark because the mark was merely descriptive. *Id.* There is some question whether a trademark which has been found to be merely descriptive but to have acquired distinctiveness can ever acquire incontestable status. Compare *Flavor Corporation of America* v. *Kemin Industries, Inc.*, 493 F.2d 275, 281-82 (8th Cir. 1974), with *Union Carbide* v. *Ever-Ready, Inc.*, 531 F.2d 366, 375-76 (7th Cir. 1976). However, because the parties did not address this question in their briefs, I make no determination of the likelihood that the trademark has achieved incontestable status.

Appendix D

1. The Merits of Miller's "LITE" Trademark Claim: Descriptiveness

Given that Miller almost certainly will be entitled to the above-mentioned presumption at trial, the defendant will have the burden of going forward and proving that the trademark is defective in some manner. Defendant contends that Miller's trademark is defective because it is merely descriptive. If this contention is sound (and unless, as will be discussed below, Miller can then show that the mark has acquired a secondary meaning), Miller's action for trademark infringement will be defeated. *Union Carbide Corp.* v. *Ever-Ready, Inc., supra,* at 378. I am not called upon to resolve definitely the question as to whether "LITE" is merely descriptive; only whether Heileman is likely to be successful at trial in showing that it is. On the evidence before me, there is a strong likelihood that Heileman will be unable to prove at trial that Miller's mark is merely descriptive.

The case law appears to recognize a continuum of types of trademarks falling into three categories: the merely descriptive, the suggestive, and the purely fanciful or arbitrary. *Union Carbide Corp.* v. *Ever-Ready, Inc., supra,* at 378-79. Marks in the latter two categories are subject to the exclusive appropriation of a producer, whereas marks in the former category are not. It could hardly be said that "LITE" is a purely fanciful or arbitrary name for a low-calorie, less-filling beer product at least in the same way that "The American Girl" is a purely fanciful or arbitrary name when applied to women's shoes. See *Hamilton Shoe Co.* v. *Wolf Brothers,* 240 U.S. 251, 256-57, 36 S.Ct. 269, 60 L.Ed. 629 (1916). Thus, the important question is whether "LITE" actually describes the ingredients, qualities, or characteristics of the beer or merely suggests the existence of some attribute or effect of the beer.

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The line between descriptive and suggestive marks is not vivid. The court of appeals for this circuit has quoted approvingly the distinction between these two terms stated by A. Seidel, S. Dalroff, and E. Gonda, Trademark Law and Practice, §4.06 at 77 (1963):

> Generally speaking, if the mark imparts information directly, it is descriptive. If it stands for an idea which requires some operation of the imagination to connect it with the goods, it is suggestive.

Union Carbide Corporation v. *Ever-Ready, Inc., supra,* at 379.

The court of appeals for this circuit has indicated, although not held, that "Holeproof" as applied to stockings and "EVEREADY" as applied to batteries are not descriptive but rather suggestive terms. See *Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc.,* 205 F.2d 921 (7th Cir. 1953), *cert. denied,* 346 U.S. 886, 74 S.Ct. 138, 98 L.Ed. 391 (1953), *citing Holeproof Hosiery Co.* v. *Wallach Bros.,* 172 F. 859 (2d Cir. 1909); *Union Carbide Corp.* v. *Ever-Ready, Inc., supra,* at 379. See also *General Shoe Corp.* v. *Rosen,* 111 F.2d 95, 98-99 (4th Cir. 1940) ("Friendly" as applied to shoes is suggestive of shoes which are friendly to the feet). Both "Holeproof" and "EVEREADY" seem to impart some information about the products to which they are appended, but to impart it indirectly, and to require some operation of the imagination to connect the terms to the products.

Likewise, the mark "LITE" does not describe a beer which is light in weight or color, but rather connotes one which is lower in calories or less-filling than regular beer.[10]

10. It is commonly known that "light" has been used widely and for many years in the beer industry to connote the quality of lightness in color or the quality of lightness in body, or both. Such use has undoubtedly been descriptive, rather than suggestive, of those qualities. It appears that Meister Brau was the first to use the word, in a corrupted form (LITE), to connote a third and distinct quality

(footnote continued on next page)

It requires some operation of the imagination to connect the term "LITE" with a beer which would cause its consumers to weigh less, all else being equal, than those who consume regular beer.

Thus, it appears unlikely that Heileman will meet its burden of showing that "LITE" is a descriptive term.[11]

2. The Merits of Miller's "LITE" Trademark claim: Secondary Meaning

In the event that Heileman does prove at trial that "LITE" as applied to beer is descriptive, Miller will be entitled to prevail, nevertheless, if it can show that the mark has acquired a secondary meaning in identifying the product of a particular producer. *Union Carbide Corp.* v. *Ever-Ready, Inc., supra,* at 380.[12] Although it would be

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of its new brand of beer, namely, its low caloric content. It may well be unusual that a word which is well established as descriptive of two qualities of a beer is claimed to be merely suggestive of a third quality. But, as I have concluded, "LITE" is indeed no more than suggestive of this third quality. I can discern no basis in precedent, and none in public policy, to deny suggestiveness to a word which is no more than suggestive of one quality of a product simply because it is obviously descriptive of other qualities of the same product.

11. Defendant also argues that "LITE" is deceptively misdescriptive. However, there has been absolutely no showing as to how the public would be misled as to the ingredients of "LITE" beer from the trademark. See *e.g., Nashville Syrup Co.* v. *Coca Cola Co.,* 215 F. 527, 531-32 (6th Cir. 1914).

12. The fact that Meister Brau (Miller) has already demonstrated to the Patent Office that "LITE" had acquired a certain distinctiveness does not entitle Miller to any procedural or substantive advantage on the issue of secondary meaning in the instant case—although there is some overlap in the type of evidence used to prove distinctiveness, on the one hand, and secondary meaning, on the other. Distinctiveness refers to the consumer popularity and acceptance of the mark whereas secondary meaning refers to consumer identification of a unique product from a single producer. *Alfred Dunhill of London, Inc.* v. *Kasser Distillers Products Corp.,* 350 F.Supp. 1341, 1359-60 (E.D.Pa. 1972), aff'd, 480 F.2d 917 (3d Cir. 1973). But see *Flavor Corp. of America* v. *Kemin Industries, Inc.,* 493 F.2d 275, 282 (8th Cir. 1974).

necessary for Miller to show that consumers are aware that "LITE" beer comes from a single source, it need not show that consumers are aware of the actual name of that source. *Union Carbide Corp.* v. *Ever-Ready, Inc., supra,* at 380; *Spangler Candy Co.* v. *Crystal Pure Candy Co.,* 353 F.2d 641, 647 (7th Cir. 1965), citing *Shredded Wheat Co.* v. *Humphrey Cornell Co.,* 250 F. 960, 963 (2d Cir. 1918), modifying 244 F. 508 (D.C.Conn.1917).

Thus, whether "LITE" has acquired a secondary meaning is basically a factual question regarding consumer perceptions. *Carter-Wallace, Inc.* v. *Procter & Gamble Co.,* 434 F.2d 794, 802 (9th Cir. 1970). Clearly, the most direct evidence on this issue is consumer testimony and consumer surveys. Other evidence of some consequence, in order of importance, would be the volume of sales, the length and manner of use of the mark, and the amount and manner of advertising. *Union Carbide Corp.* v. *Ever-Ready, Inc., supra,* at 380-81.

Miller has provided fairly persuasive evidence in the form of a national consumer survey that a substantial percentage of consumers perceived LITE (43%), Miller LITE (11%), or LITE from or by Miller (1%) as the product of a particular producer, that is, as a distinct brand name indicative of a low-calorie or less-filling beer. The timing of this survey (December, 1975 to March, 1976) is particularly noteworthy since it came at a time when Peter Hand and Schlitz were just beginning to market their own low-calorie beers under "Light" trademarks but after Miller had marketed LITE nationally for one year (1975) and regionally for several years prior to 1975. At this time, the confounding effect, if any, on the survey results that might have accrued from the introduction of low-calorie beers under the "Light" trademarks by Schlitz and Peter Hand was just beginning. That such a significant percentage of consumers mentioned and correctly spelled "Lite" indicates

that consumers were aware that "LITE" was a product beer, which came from a particular, unique source, although in most cases that source was not identified. See *Union Carbide Corp.* v. *Ever-Ready, Inc., supra,* at 381.

Additionally, the rapidly increasing volume of Miller's "LITE" beer sales, the use of "LITE" as a trademark from 1967 to 1974 in several regions and in 1975 and 1976 nationally by Meister Brau and Miller, and the massive advertising by Miller of "LITE" beer as a low-calorie and less-filling beer, all suggest that Miller will be likely to prevail on the issue of secondary meaning even if "LITE" is determined to be descriptive.

In the following section of this opinion, I will discuss the question whether there is a likelihood of confusion between plaintiff's mark and defendant Heileman's mark. In this connection, plaintiff has offered evidence that there has already developed some confusion between plaintiff's mark and Schlitz's "Light" mark, and between plaintiff's mark and Peter Hand's "Light" mark. Defendant Heileman contends that if plaintiff's mark had acquired a secondary meaning, this secondary meaning had been dissipated, before defendant Heileman made its move, by the confusion emanating from the introduction of the Schlitz and Peter Hand "Light" beers in the market. This would be a troublesome point if in the record before me there were evidence not only of confusion, but that the confusion had already created a market situation in which Miller's "LITE" is no longer perceived by a substantial number of consumers as the product of a particular producer. Whether the confusion between plaintiff's mark, on the one hand, and the respective marks of Schlitz and Peter Hand, on the other, whatever the nature and extent of the confusion may be, is the result of wrongdoing by Schlitz or Peter Hand, or both, is a question not before this court, but before two other coordinate federal district courts. Even if it

were the result of wrongdoing on the part of both Schlitz and Peter Hand, it is uncertain whether plaintiff Miller would yet enjoy some protection against the later entry of defendant Heileman into a market situation in which plaintiff Miller's mark had lost its secondary meaning. However, the record in this case does not support even a provisional finding that the secondary meaning of plaintiff's mark, once existent, is no longer existent.[13]

B. The likelihood or lack thereof that Miller will be able to prove infringement of its right to the exclusive use of the "LITE" trademark

Section 32(1) of the Lanham Trade-Mark Act, 15 U.S.C. §1114(1) prohibits the use in commerce, without the consent of the registrant, of

> . . . any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . .

15 U.S.C. §1114(1) (1963). Under the Lanham Act the test for infringement is the likelihood of confusion on the part of consumers. *Tisch Hotels, Inc.* v. *Americana Inn, Inc.*, 350 F.2d 609, 611 (7th Cir. 1965). See also *Brown-Forman Distillery Co.* v. *Arthur M. Block L.I.*, 99 F.2d 708, 709-10 (7th Cir. 1938). Among the factors the court should take into consideration in determining the likelihood of confusion are:

> . . . the type of trademark in issue, the similarity of design, similarity of products, identity of retail outlets

13. Well after the present motion for a preliminary injunction had been submitted and was under advisement, and without leave of court having been sought, defendant submitted a series of assertions about yet more entrants into the lists of low-calorie beer competition. I give no effect to these recent submissions.

and purchasers, identity of advertising media utilized, defendant's intent, and actual confusion.

Union Carbide Corp. v. *Ever-Ready, Inc., supra,* at 381-82. As I have found above, the two products are similar, sales of both will be attempted to the same buying public through the same general retail channels, and both parties will be employing the same general means and media for advertising and promotion.[14]

Under these circumstances, the degree of similarity of the marks needed to support a finding of infringement is less than in the case of dissimilar, non-competing products. *Stembridge Products, Inc.* v. *Gay,* 335 F.Supp. 863, 867 (M.D.Ga.1971). The Miller and Heileman trademarks are similar in overall design. The word "LITE" and "LIGHT" are visually highly similar and phonetically identical. This similarity of "LITE" and "LIGHT" is especially significant in determining the likelihood of confusion because these words constitute the dominant portion of each label and are likely to create a more lasting or prime impression on the public than the other words on the label. *Pikle-Rite Co.* v. *Chicago Pickle Co.,* 171 F.Supp. 671, 675-76 (N.D.Ill.1959).

While a visual inspection of the Miller and Heileman marks placed side-by-side reveals an extremely close resemblance, one can distinguish the Miller product from the Heileman product. However, such a side-by-side test is not the test for the likelihood of confusion. *Albert Dickinson Co.* v. *Mellos Peanut Co. of Illinois,* 179 F.2d 265, 270 (7th Cir. 1950). Consumers are likely to rely on vague impressions and recollections when choosing a product especially when the product is relatively low-priced and

14. The present record permits no findings of fact, and I have made none, as to whether Heileman intended to confuse the buying public, or whether actual confusion has yet occurred as between the Miller and Heileman marks.

commands a small fraction of an average consumer's budget. Given the imprecision of consumer recollections in such cases, the appropriate test is whether consumers with a rather indefinite recollection of the marks would be able to discriminate between the labels of the competing products or would tend to choose one product thinking it is the other, when only one brand is in sight. See *e. g. Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc.*, 205 F.2d 921, 925-26 (7th Cir. 1953).

I conclude that plaintiff will probably prevail ultimately in its contention that the similarity in the marks, and most particularly the strong emphasis on "Light" in the Heileman mark, make consumer confusion between the two products highly likely.

II. Irreparability of Harm to Miller or Lack Thereof

It will be quite some time before this case can be resolved at trial. Apparently, cases pending in other courts brought by Miller against other brewers which may have a bearing on this case will not be decided for some time. In the absence of a preliminary injunction, Heileman will market its "LIGHT" beer in competition with Miller "LITE."

I have concluded above that plaintiff will probably prevail in its contention that confusion will occur between the two labels whether the purchase is made verbally or after a visual inspection of the product. Such confusing similarity has been held to be sufficient for a determination that irreparable harm will occur if an injunction is not entered. *P. Daussa* v. *Sutton Cosmetics (P.R.) Inc.*, 462 F.2d 134, 136 (2d Cir. 1972), citing *Sutton Cosmetics (P.R.) Inc.* v. *Lander Co., Inc.*, 455 F.2d 285, 288 (2d Cir. 1972). Conceivably, if Miller ultimately prevails in this action it will be entitled to money damages, measured perhaps by

the profit Miller would have realized had all those who purchased Heileman's "Light" purchased Miller's "Lite" instead. But consumers whose initial experience with a low-calorie beer is with Heilman's "Light" and is unfavorable, probably will not soon try "Lite." It is true that because of the confusion, "Lite" may benefit from follow-up purchases of low-calorie beer by those whose first encounter has been with Heileman's "Light" and has been favorable. However, the results of such difficulties in a highly volatile retail market for beer would not be easily reducible to money damages.

Miller could possibly alleviate this confusion and irreparable harm through an advertising campaign directed at distinguishing between the "LITE" and "LIGHT" marks. The cost of this advertising would be susceptible to recovery in money damages. However, it would probably be impossible to determine the effectiveness of such an advertising campaign, and also to determine the financial effects upon plaintiff's sales arising from the necessity to stress this defensive theme rather than an affirmative theme promoting "Lite."

I conclude that it is probable that unless the motion for a preliminary injunction is granted, Miller will suffer irreparable harm.

III. The Balance of Equities

Heileman argues that the preliminary injunction will harm it in two ways: loss of reputation, and loss of the resources it has expended in the development of "LIGHT" beer.

Particularly in the absence of a judicial finding that it has deliberately sought to create confusion, I am unpersuaded that Heileman will suffer loss of reputation to any significant extent if enjoined temporarily from marketing beer under its "LIGHT" trademark. I consider it unlikely

that an injunction so limited in scope and duration will affect Heileman's sales of its "Old Style," "Special Export," or other beer brands.

Second, Heileman has not demonstrated what fraction of the costs incurred in developing "LIGHT" beer would be lost as a result of the preliminary injunction. Clearly, some of these expenditures will not be lost even if Heileman is forced to re-label its beer (e. g., manhours used in developing the beer formula). Other expenses (e. g., point-of-sale advertising expenses) will not have been wholly wasted if Heileman ultimately prevails on the merits. Thus, Heileman will lose only a part of its total expenditures to date on the "LIGHT" beer project. It probably will be possible to assign a monetary value to this lost fraction should Heileman prevail on the merits at trial.

Perhaps more significantly than either of these two categories of harm is the postponement, during the pendency of this suit, of Heileman's opportunity to enter the low-calorie beer competition on a broad scale and under the particular banner it has chosen. The factors at play in such a market are unquestionably sophisticated and volatile, and I would not disparage the possible negative consequences for Heileman. But these potential negative consequences for a producer which is poised for the fray are less serious than would be an interruption in the activity of a producer already fully engaged.

I conclude that the probable harm to plaintiff Miller from the denial of the preliminary injunction outweighs the probable harm to defendant Heileman from its issuance.

IV. The Effect of a Preliminary Injunction on the Public Interest

The preliminary injunction will tend to maintain the status quo in the market for low-calorie beer. There is no clear indication that preservation of that status quo will

affect the public interest one way or another. If the effect of the preliminary injunction proves to be only a delay, pending a final decision in the lawsuit, in the introduction of Heileman's "Light" beer packaged within the intended label, the effect upon the public interest will have been minimal. If a permanent injunction is ultimately entered herein in plaintiff's favor, presumably the public interest will have been served by the earlier prohibition of the practice finally determined to be unlawful.

In this suit involving Miller's claim for injunctive protection of its "LITE" trademark, there is no occasion for this court to inquire into the public interest with respect to the production and sale of beer generally in the United States, or with respect to the relative competitive positions of these two parties in the beer market.

Order

Upon the basis of the entire record, it is ordered that commencing on the 20th day following the entry of this order, and thereafter during the pendency of this action, defendant is enjoined from the continued sale, advertising, and distribution of beer anywhere in the United States, under the brand name incorporating the word "Light" in the manner of the label attached to the complaint herein as Exhibit E, and under any colorable imitation of the following labels and designs registered on the principal register of the United States Patent Office: No. 905,236 (December 29, 1970); No. 929,276 (February 15, 1972); and No. 929,277 (February 15, 1972, as amended June 3, 1975).

Appendix D

Opinion and Order of James E. Doyle, District Judge, Dated February 22, 1977

UNITED STATES DISTRICT COURT

W. D. Wisconsin

Miller Brewing Company,

Plaintiff,

v.

G. Heileman Brewing Co., Inc.,

Defendant.

No. 76-C-584

Feb. 22, 1977

Opinion and Order

James E. Doyle, District Judge.

This opinion and order is addressed to the following pending motions by the defendant: (1) a motion filed January 24, 1977 for an order vacating a preliminary injunction entered herein January 21, 1977; (2) a motion filed February 4, 1977 (as an alternative to motion (1)) for an order permitting defendant to use a certain alternative label and to provide a period for the change-over; and (3) a motion filed January 24, 1977 for an order suspending the preliminary injunction entered January 21, 1977 pending an appeal from said injunction. For the purpose of deciding these motions, and for no other purpose, I renew the findings of fact set forth in the opinion and order entered herein January 21, 1977, and, with two exceptions, I find as fact those allegations contained in the affidavits of John S. Skilton dated January 24, 1977, John S. Pedace dated Janu-

ary 28, 1977, Anthony L. Fletcher dated January 28, 1977, Phil A. Grau dated January 27, 1977, John S. Pedace dated February 3, 1977, James Van Santen dated February 8, 1977, Russell G. Cleary dated February 3, 1977 (entitled "declaration of intent"), and Anthony L. Fletcher dated February 11, 1977. The two exceptions are as follows: (a) With respect to the Cleary declaration of intent, I construe it to mean that defendant intends to use the label attached as Exhibit X to the declaration of intent only if this court first declares that such use would not be violative of the January 21, 1977 preliminary injunction; and I construe it also to mean that defendant intends to abandon use of the label attached to the complaint as Exhibit E only when the said preliminary injunction becomes effective, whether this be March 2, 1977, or the termination date of some further stay or stays which may be granted. (b) With respect to the Fletcher affidavit of January 28, 1977, I do not find as fact the statements contained in a Meister Brau letter of April 10, 1972 to its Lite beer wholesalers and sales representatives. I also take judicial notice that in general terms, when foods containing carbohydrates are ingested and absorbed by humans, heat measured in calories results, so that the fewer the carbohydrates present in a food, the fewer the calories.

(1) *Defendant's motion filed January 24, 1977 to vacate preliminary injunction*

Apart from simple disagreement with the findings and conclusions underlying the grant of the preliminary injunction on January 21, 1977, defendant's contentions in support of the motion to vacate are: (a) that the registrations relied upon by plaintiff expressly applied to beer with no available carbohydrates, and thus afford plaintiff no procedural advantage in this lawsuit alleging infringement by defendant's

use of a label applied to beer containing some available carbohydrates; and (b) that "light" has now become a generic term for low-calorie beer.

(a) *No available carbohydrates*

There is no evidence in the record from which I can make an intelligent construction of the word "available." Conceivably, if all the carbohydrates in Heileman's "Light" are unavailable, then it contains no available carbohydrates and the Miller registration would clearly be applicable to Heileman's "Light."[1] But I consider this too precious a view of the matter. I will assume that as used by Miller in the registration process "no available carbohydrates" means "no carbohydrates." Thus it is apparent that Miller is now using the registered mark in distributing a beer which is low in calories but which does contain carbohydrates, and that Heileman is using its label E[2] in distributing a beer which also is low in calories, but which also does contain carbohydrates.

As I observed in my January 21 opinion, the statutes confer upon a trademark registrant certain significant procedural advantages in litigation involving the trademark. Defendant contends that the registrant should be deprived of those advantages except when the product bearing the allegedly infringing label is the exact functional equivalent of the product described in the successful application for registration. I see no good reason for so severe a rule, nor am I persuaded that there is authority for it. On the contrary, as plaintiff contends, infringement can occur in some circumstances even when the product bearing the allegedly

1. For convenience, I will speak of the Meister Brau registration as the Miller registration.

2. The label which appears as Exhibit E attached to the complaint.

infringing label is quite different from that described in the application for registration. In any event, there is no significant difference here. Undoubtedly, the practical importance of the references to the presence or absence of carbohydrates in the course of registration, if they were of practical importance, was in the context of calories and in the context of the effect of the caloric content upon the weight of humans who might consume the beer. So long as the beer bearing the allegedly offending label is distinctly low-calorie beer, as is true of Heileman's "Light," plaintiff should enjoy in this litigation the procedural advantages conferred upon it by statute.

(b) *"Light" now generic*

The only reasonably hard evidence yet in this record is that offered by plaintiff concerning consumer perceptions of the label "LITE." From that evidence, the fair conclusion is that until Miller was well launched with its promotion of "Lite," the word "light" as applied to beer did not signify to the public generally that the beer was low in calories. Up to a certain point thereafter, then, to the extent that "light" or "LITE" gained this significance, it was in relation to Miller's campaign and Miller's product. I cannot ignore the evidence defendant has adduced, nor avoid the exercise of a degree of judicial notice of a matter of common knowledge, to the effect that in recent months this state of affairs has been altered and diffused as a number of Miller's competitors have entered the low-calorie beer field. In varying ways, they have used "light" to signify this particular attribute, as well as other attributes, of their respective beers. It seems clear that Miller has resisted promptly and diligently in those instances in which the particular conduct of a particular competitor has been arguably illegal, and the outcome of those several contests in the courts is unknown. Whether Miller should be held to have

lost its legal advantage as a result of this challenged activity by its competitors has been a troublesome point from the start of this present case in this court. I am unwilling to answer the question definitively as a rule of law. But I do conclude at least that Miller should not be held to have lost the legal advantage it once held, unless there is a clear showing by hard evidence that the word "light" as applied to beer is now widely understood by the public to denote a beer with low-caloric content. No such clear and hard showing has been made.

(2) *Defendant's alternative motion filed February 4, 1977, for leave to change-over to Label X*[3]

Had defendant made an unconditional statement of its intention to discontinue the use of Label E after about 12 weeks, and thereafter, during the pendency of this case, to use Label X, I would have considered that a major change had occurred in the conditions underlying the issuance of the preliminary injunction on January 21, 1977. It would have meant that the plaintiff was facing the threat of the infringing use of Label E for only a relatively short period. It would also have meant that for the longer run, during the pendency of this case, the plaintiff was faced with a new and different threat. This new and different threat would have been that defendant would promote and market its low-calorie beer under Label X. Plaintiff might then have chosen to seek a modification of the preliminary injunction so that it would expressly prohibit the use of Label X as well as Label E. In that context, it would have been necessary for plaintiff to persuade the court that there would have been a good chance that it would ultimately succeed in its contention that the use of Label X would be an infringe-

3. Exhibit X to the Cleary "declaration of intent" dated February 3, 1977.

ment. On the other hand, plaintiff might have elected to do nothing until the use of Label X actually began, and then to commence contempt proceedings on the ground that Label X is a "colorable imitation" of plaintiff's trademark already banned by the injunction.

But this is not what defendant has done. Rather, defendant seeks a declaratory adjudication now that Label X is not a "colorable imitation" of plaintiff's trademark, and therefore is not a violation of the preliminary injunction. Only if defendant obtains such a favorable declaration will it proceed with the change-over. If no judicial declaration is forthcoming, or if it is made but is unfavorable to defendant, defendant intends to continue the use of Label E until firmly enjoined.

In considering whether to respond to the request for a judicial declaration, I have the following factors in mind. If one were to assume that this present lawsuit had run its course and that plaintiff had obtained a permanent injunction phrased exactly as the preliminary injunction is phrased, and if defendant were then to engage in the use of Label X, and if contempt proceedings were then initiated, the court would be called upon to decide whether Label X is a colorable imitation of plaintiff's trademark. This decision would not be made in the framework of probable success or failure of plaintiff in its contention that an infringement was occurring. It would be definitive; the court would be holding flatly either that Label X is a colorable imitation or that it is not.

It appears that this is exactly what is now sought from the court. Although the present injunction is only preliminary, the question whether Label X violates it is identical to the question whether Label X would violate a permanent injunction identically phrased. The answer to this question, either as to the preliminary injunction or the hypothetical

permanent injunction, would turn upon the likelihood of consumer confusion as between the trademark and Label X.

I conclude that the record in this case does not support a definitive judicial declaration on this question, one way or another, and I decline to make such a declaration.

(3) *Defendant's motion filed January 24, 1977 for a stay pending appeal*

I am unwilling to stay the preliminary injunction of January 21, 1977, as modified by my order of February 1, 1977, until an appeal from it is finally decided. However, I conclude that defendant is fairly entitled to seek such a stay from the Court of Appeals before it is compelled to discontinue its use of Label E.

APPENDIX E

Excerpts from the Trademark Act of 1946, as Amended

PUBLIC LAW 489, 79TH CONGRESS, CH. 540

APPROVED JULY 5, 1946; 60 STAT. 427

Sec. 2 (15 U.S.C. 1052). Trademarks registrable on the principal register*

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

* * *

(d) consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided,* That when the Commissioner determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (i) the earliest of the filing dates of the applications pending or of any registration issued under this Act; or (ii) July 5, 1947, in the case of registrations previously issued under the Act of March 3,

* Headings are not part of the Act, but have been added for convenience. Headings herein are from the U.S. Department of Commerce print of the Act.

1881, or February 20, 1905, and continuing in full force and effect on that date; or (iii) July 5, 1947, in case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods in connection with which such mark is registered to the respective persons;

(e) consists of a mark which, (1) when applied to the goods of the applicant is merely descriptive or deceptively misdescriptive of them, or (2) when applied to the goods of the applicant is primarily geographically descriptive or deceptively misdescriptive of them, except as indications of regional origin may be registrable under section 4 hereof, or (3) is primarily merely a surname;

(f) except as expressly excluded in paragraphs (a), (b), (c), and (d) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive, as applied to the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the 5 years next preceding the date of the filing of the application for its registration (Amended Oct. 9, 1962, 76 Stat. 769).

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Sec. 7(b) (15 U.S.C. 1057b). Certificate of registration on the principal register.—Prima facie evidence

A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate, subject to any conditions and limitations stated therein.

Sec. 10 (15 U.S.C. 1060). Assignment

A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark, and in any such assignment it shall not be necessary to include the goodwill of the business connected with the use of and symbolized by any other mark used in the business or by the name or style under which the business is conducted. Assignments shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment shall be void as against any subsequent purchaser for a valuable consideration without notice, unless it is recorded in the Patent and Trademark Office within 3 months after the date thereof or prior to such subsequent purchase. A separate record of assignments submitted for recording hereunder shall be maintained in the Patent and Trademark Office.

An assignee not domiciled in the United States shall be subject to and comply with the provisions of section 1(d) hereof (Amended Oct. 9, 1962, 76 Stat. 769).

Appendix E

Sec. 12(a) (15 U.S.C. 1062a). Examination of application—Publication of mark when entitled to registration

Upon the filing of an application for registration and payment of the fee herein provided, the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration, the Commissioner shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office: *Provided,* That in the case of an applicant claiming concurrent use, or in the case of an application to be placed in an interference as provided for in section 16 of this Act, the mark, if otherwise registrable, may be published subject to the determination of the rights of the parties to such proceedings (Amended Oct. 9, 1962, 76 Stat. 769).

Sec. 13 (15 U.S.C. 1063). Opposition to registration of marks on the principal register

Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the required fee, file a verified opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publcation under subsection (a) of section 12 of this Act of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the Commissioner for good cause. The Commissioner shall notify the applicant of each extension of the time for filing opposition. An unverified opposition may be filed by a duly authorized attorney, but such opposition shall be null and void unless verified by the opposer within a reasonable time

after such filing to be fixed by the Commissioner. An opposition may be amended under such conditions as may be prescribed by the Commissioner (Amended Oct. 9, 1962, 76 Stat. 769; and Jan. 2, 1975, 88 Stat. 1955).

Sec. 14 (15 U.S.C. 1064). Cancellation of registrations

A verified petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed by any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this Act, or under the Act of March 3, 1881, or the Act of February 20, 1905—

(a) within five years from the date of the registration of the mark under this Act; or

(b) within five years from the date of publication under section 12(c) hereof of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905; or

(c) at any time if the registered mark becomes the common descriptive name of an article or substance, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 4 or of subsection (a), (b), or (c) of section 2 of this Act for a registration hereunder, or contrary to similar prohibitory provisions of said prior Acts for a registration thereunder, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(d) at any time if the mark is registered under the Act of March 3, 1881, or the Act of February 20, 1905, and has not been published under the provisions of subsection (c) of section 12 of this Act; or

(e) at any time in the case of a certification mark on the ground that the registrant (1) does not control, or is not able legitimately to exercise control over, the use of such mark, or (2) engages in the production or marketing of any goods or services to which the certification mark is applied, or (3) permits the use of the certification mark for purposes other than to certify, or (4) discriminately refuses to certify the goods or services of any person who maintains the standards or conditions which such mark certifies:

Provided, That the Federal Trade Commission may apply to cancel on the grounds specified in subsections (c) and (e) of this section any mark registered on the principal register established by this Act, and the prescribed fee shall not be required (Amended Oct. 9, 1962, 76 Stat. 769).

Sec. 32(1) (15 U.S.C. 1114(1)). Remedies—Infringement

Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection

with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive (Amended Oct. 9, 1962, 76 Stat. 769).

Sec. 33(a) (15 U.S.C. 1115a). Remedies—Certificate of registration on principal register—Prima facie evidence of exclusive right to use mark

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered (Amended Oct. 9, 1962, 76 Stat. 769).

Sec. 33(b) (15 U.S.C. 1115b). Same—When conclusive evidence of exclusive right to use mark

If the right to use the registered mark has become incontestable under section 15 hereof, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 15 subject to any condi-

tions or limitations stated therein except when one of the following defenses or defects is established:

* * *

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

(Amended Oct. 9, 1962, 76 Stat. 769).

Sec. 43(a) (15 U.S.C. 1125a). False designations of origin and false descriptions forbidden

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of such false description or representation.

APPENDIX F

Jerome Gilson, 1 Trademark Protection and Practice, Dec. 1978 Cum. Supp. pp. 22-23.

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The same court which authored the term "generically descriptive" has created an entirely new category of unprotectible words. In Miller Brewing Co. v. G. Heileman Brewing Co., 561 F.2d 75, 195 U.S.P.Q. 281 (7th Cir. 1977), *cert. denied* —— U.S. —— (1978), the court reversed a preliminary injunction in favor of the owner of the beer trademark LITE because the legally equivalent word "light" is a "generic or common descriptive term" when used with "beer." It held the term so clearly unprotectible that no amount of advertising or promotion, even to the point of establishing secondary meaning, could salvage it.

To reach this result, however, the court adopted an unprecedented and extremely tortured analysis. Its principal difficulty was the nature of the word "light," clearly a descriptive adjective modifying the word "beer." However, the court apparently believed that if it recognized "light" as descriptive, it would have had to grant protection, since there was evidence that LITE (or "light") had attained secondary meaning identifying Miller in the public mind as the source of the product. The solution to this dilemma, the court felt, was to hold that LITE (or "light") was the equivalent of a generic term, which is never protectible. To do so, it expanded the category of generic terms, which are almost always nouns, to include the "common descriptive term." It thus held that a descriptive adjective ("light") was, in legal effect, generic: "If 'light

beer' is a generic name, then 'light' is a generic word when used as a part of that name." The court recognized that other types of descriptive words, which it called "merely descriptive terms," could still be legally protectible if they attained secondary meaning. In the 7th Circuit, therefore, an adjective which the court finds is a "generic or common descriptive term" is unprotectible irrespective of evidence of secondary meaning, but a "merely descriptive term" is protectible if secondary meaning attaches.

The court did not attempt to draw a bright line between the two types of descriptive terms. The word "common" may be a clue, but many descriptive terms are common. The word "merely" does not help either, except that it is borrowed from Section 2 of the Lanham Act, which provides for federal registration of "merely descriptive" terms which have become distinctive of an applicant's goods. Indeed, there seems to be no objective way to distinguish between them. The distinction in *Miller Brewing* appears based on a visceral reaction that certain descriptive terms are so commonplace and so widely used that it would be against public policy to enforce them, no matter how extensively they are advertised or promoted.

In the opinion of the author, the distinction is so vague as to be unworkable in terms of its application to future trademark infringement cases. If it were applied by many courts it could place a large number of valuable secondary meaning trademarks in jeopardy of being found "common descriptive terms," irrespective of the degree to which the public relies on them in purchasing products or services. Other courts with the same problem, however, do not need to adopt the artificial distinction of *Miller Brewing*. They can apply the well-established rule that the owner of a secondary meaning mark cannot obtain injunctive relief against a party who uses the same term in a

purely descriptive manner or in its primary sense. See §§ 2.03 N. 4; 2.09 N. 13 *infra*. They can also apply the "fair use" defense of Section 33 (b)(4) of the Lanham Act, which allows the use of "a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods . . . of such party." 15 U.S.C. § 1115b(4); § 4.03[3] *infra*. As a last resort, they can apply the "de facto" secondary meaning doctrine, and hold that for reasons of public policy no protection will be forthcoming, even though a degree of single source association has been established. See § 2.09 [2] *infra*. The *Miller Brewing* holding is closely analogous to this doctrine, but the court does not purport to follow it.

In any event, the court could have upheld LITE as a valid secondary meaning trademark, but allowed Heileman to use "light" in its descriptive sense in relation to low calorie beer under circumstances where confusion was not likely. This approach would have reached roughly the same result, while preserving trademark rights in LITE for enforcement in some future, possibly more compelling, case. It would also have avoided the creation of an altogether artificial distinction which, one assumes, will plague courts and trademark counsel for years to come.

APPENDIX G

Arthur J. Greenbaum, The Thirty-First Year of Administration of the Lanham Trademark Act of 1946, 68 The Trademark Reporter No. 6 at pp. 783-85.

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Another case that attracted widespread attention was decided in the Seventh Circuit. In Miller Brewing Co. v. G. Heileman Brewing Co., Inc., that court apparently held that "light" is a generic or common descriptive word when applied to beer and that neither the word nor its phonetic equivalent LITE may be appropriated as a trademark for low calorie beer.[223]

The commercial stakes in this motion for a preliminary injunction were enormous. Miller had expanded its annual sales of LITE beer in four years from 50,000 barrels to 4,000,000 barrels and incrased its annual advertising expenditures from $500,000 to more than $12,000,000. As the plaintiff's LITE sales increased so did the use of the word "light" by competitors for their versions of a low calorie beer. The basic issue was whether LITE was generic or merely descriptive. If the latter, there seems to be no question but that it would have been deemed to have acquired a secondary meaning.

The Court defined a generic or common descriptive term as "one which is commonly used as the name or description of a kind of goods." [224] While there is no question that the name of a kind of goods is a good definition of a generic term, confusion creeps in when one speaks about a description of a kind of goods.

223. 561 F2d 75, 195 USPQ 281 (CA 7 1977), revg 195 USPQ 16 (WD Wisc 1977), cert denied 196 USPQ 592 (1978).

224. Id 195 USPQ at 284.

Appendix G

Perhaps what the court meant was that there are two kinds of generic terms—one which is commonly used as the name of the goods and the other commonly used as the description of a kind of goods. But what exactly is a term used to describe a kind of goods? Most descriptive terms describe a kind of goods. Does this mean that most descriptive terms are generic? Has the court by accident or design wiped out the concept of descriptive terms acquiring a protectible secondary meaning?

Miller was said by the court to have argued that since "light" was an adjective that it could not be a generic term, that generic terms are words for a kind of goods—nouns—while adjectives describe qualities of goods. The Court disagreed:

> . . . given the reason for the rule that precludes appropriation of a common descriptive word, viz., otherwise "a competitor could not describe his goods as what they are." CES Publishing Corp. v. St. Regis Publications, Inc., supra, 531 F2d at 13, 188 USPQ at 614-615. Ordinarily, as here, the adjective which is sought to be appropriated in its generic sense as a trademark will be a part of a name. See, e.g., Roselux Chemical Co. v. Parsons Ammonia Co., 299 F2d 855, 863, 132 USPQ 627 . . . ("sudsy" ammonia). If "light beer" is a generic name, then "light" is a generic word when used as part of that name.[225]

There is no question but that "light" is descriptive of various qualities of beer; it has been used in the industry for years to describe the beer's color, flavor, body or a combination of these or similar characteristics. However, simply because a term has been used descriptively does not make it generic, i.e., the name of the product. Here, the name of the product appears to be beer. An appropriate description of it could be "light."

225. Id at 285 (footnote omitted).

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The court does not clearly explain why it concluded that "light" is generic. The reason that generic terms are not protectible is, as stated by the court, that such protection would preclude a competitor from stating what his goods are. Such a competitive disadvantage is unacceptable as a matter of policy. For example, if the word "chair" were to be appropriated by a single competitor, others in the chair trade would be at an enormous disadvantage because they could not use the name of the goods to describe what they were selling. One reason for this is that if a term is a protectible trademark, it cannot as a matter of logic also be generic when applied to the same product sold to the same purchasing class. Aspirin is either a protectible trademark or is generic. It cannot be both. Therefore, if a term is a protectible trademark, it cannot be used as a generic term.[226]

However, no such problem exists with respect to descriptive terms. A descriptive term, such as "pure" for oil, can be a trademark when used as a trademark and can be an ordinary adjective when used in copy or on labels as an ordinary descriptive term. Put another way, an adjective can be both a trademark (its secondary meaning) and remain a descriptive term (its primary meaning) available to others. Competition is not unduly hindered because competitors can use the descriptive term, even if it also is a trademark, descriptively in a good faith non-trademark manner. The public is protected under this system from confusion and the investment of a producer who has managed to obtain a secondary meaning for its descriptive trademark is also protected.[227]

Thus, if the court here held that LITE was a descriptive term which had acquired a secondary meaning, competitors

226. See, eg, Stix Products, Inc. v. United Merchants & Manufacturers, Inc., 295 F Supp 479, 160 USPQ 777 (SDNY 1968); see supra fn 33 and infra fn 230.

227. See Lanham Act, Section 33(b)(4).

would have been permitted to use the term "light" to describe any characteristic of their beer that the term appropriately described, but would not have been allowed to use LITE as a trademark or brand name, and presumably would not have been permitted to use "light" as a trademark if such use resulted in likelihood of confusion.

This problem of the difference between a generic term and a merely descriptive one has long been with us. Courts have not been terribly successful in grappling with the distinction. Here, the Seventh Circuit has managed to define a generic term in such a manner that almost any descriptive term could be deemed to be generic. Hopefully, this unfortunately worded decision will not now set off more years of confusion and controversy as to what is protectible and what is not.[228]

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228. Clarification may be on the way. Miller's suit against Schlitz, whose reduced calorie beer was most prominently labeled LIGHT, was dismissed on grounds that Heileman raised a collateral estoppel against Miller. The court also ordered Miller's registrations of LITE canceled. Miller Browing Co. v. Jos. Schlitz Brewing Co., 449 F Supp 852 (ED Wis 1978). That decision is on appeal. Among the issues raised are: (1) how conclusive can the Heileman decision be since it only reversed a preliminary injunction?; (2) can Heileman be reconsidered as that case (or others) progress?; and (3) does Heileman necessarily doom all protectability of LITE?

APPENDIX H

Seymour Kleinman, 3 Callman, The Law of Unfair Competition Trademarks and Monopolies, 1978 Cum. Supp. pp. 36-48.

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"Common Descriptive" Marks: First-Degree "Genericide."

An awesome augury of genericide appears to be threatening a broad category of marks, registered or not. It started with the relatively recent "discovery" of a hitherto unidentified trademark substratum—the generic or "common descriptive" term—which now appears to have been lying dormant as a fault beneath the common law of trademarks and the legislative structure of the Lanham Act.

In Miller Brewing Co. v. G. Heileman Brewing Co., Inc. (one of a number of related actions by Miller against rival brewers), the Seventh Circuit held "Lite," a misspelled version of "Light," to be the generic equivalent for "less filling, low calorie beer," and therefore not available for exclusive appropriation, protection or registration as a trademark.[4.3] Summarizing basic principles of trademark law and relying heavily upon Abercrombie & Fitch Co. v.

[4.3] 561 F2d 75 (CA 7th, 1977), citing this Treatise. The court reversed the issuance of a preliminary injunction by the court below. Some 22 years earlier, the same Circuit used the expression "generically descriptive" in passing on "ju-jus" in Henry Heide, Inc. v. George Ziegler, Co., 354 F2d 574 (CA 7th, 1965). See also §77.3 at p 351 on such use by the Patent Office; Alligator Co. v. Colonial Togs, 107 USPQ 326 (Comm'r Pat 1955).

The generic word was not unknown to trademark law. It was understood to relate to words in such common use in specific contexts as to be totally unfit and therefore disqualified for trademark service. For relevant discussions, see §§70.4; 74; 74.2; 97.3(c)(2); and 98.8 (b)(3).

Hunting World, Inc.,[4.6] the Miller opinion offers the following synthesis: "A term for which trademark protection is claimed will fit somewhere in the spectrum which ranges through (1) generic or common descriptive and (2) merely descriptive to (3) suggestive and (4) arbitrary or fanciful. As the ease with which hues in the solar spectrum may be classified on the basis of perception will depend upon where they fall in that spectrum, so it is with a term on the trademark spectrum."

Accordingly, in the "perception" of the court, the lowliest or least discernible "hue" in the protectible trademark spectrum is that cast by the "merely descriptive" term which describes a characteristic or ingredient of an article but can, by virtue of acquiring a secondary meaning, become sufficiently distinctive of the applicant's goods to be entitled to trademark viability at common law and registration under 2(f) of the Lanham Act. The "hue" of the "generic or common descriptive term," which the court defines as "one commonly used as the name or description of a kind of goods," is so indistinct or diffused that it "cannot become a trademark under any circumstances." In "light" (no pun intended) of the forbidding significance of the decision on trademark law generally, as well as the Lanham Act specifically, its premises require careful analysis and its result calls for limited application.

The pioneering expedition which apparently led to the discovery of the generic or "common descriptive" substratum appears to have begun, appropriately enough, in the Hunting World contest over the mark "Safari." There, Judge Friendly began the trek with the following analysis:

"The cases, and in some instances the Lanham Act, identify four different categories of terms with respect to trademark protection. Arrayed in an ascending order

[4.6] 537 F2d 4, 9-11 (CA 2nd, 1976), citing this Treatise; see §§70.4; 77.1; 82.1(a), sub (8); 82.1(l); 85.1(c); 47.3(c).

which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful. The lines of demarcation, however, are not always bright. Moreover, the difficulties are compounded because *a term that is in one category for a particular product may be in quite a different one for another, because a term may shift from one category to another in light of differences in usage through time, because a term may have one meaning to one group of users and a different one to others, and because the same term may be put to different uses with respect to a single product.* In various ways, all of these complications are involved in the instant case.

"A generic term is one that refers, or has come to be understood as referring, to the genus of which the particular product is a species. At common law neither those terms which were generic nor those which were merely descriptive could become valid trademarks . . . The same was true under the Trademark Act of 1905 . . . except for marks which had been the subject of exclusive use for ten years prior to its enactment . . . While . . . the Lanham Act makes an important exception with respect to those merely descriptive terms which have acquired secondary meaning . . . it offers no such exception for generic marks. The Act provides for the cancellation of a registered mark if at any time it 'becomes the common descriptive name of an article or substance,' §14(c). This means that even proof of secondary meaning, by virtue of which some 'merely descriptive' marks may be registered, cannot transform a generic term into a subject for trademark." (Emphasis added.)

Despite the ominous absolutism of that last sentence, it is highly significant (as well as its saving grace) that the Hunting World opinion then went on to hold that the noun "Safari" was generic for products and services related to

an African jungle journey, but not irredeemably generic (and therefore protectible and registrable as a trademark) for other products not so related. Hunting World thus recognized that the stigma of genericism is not all-embracive and that it does not condemn a trademark for all purposes.

Attracted perhaps by its scholarly disquisition, other courts found it fashionable to rechart the Hunting World trek in most cases by way of dicta) and, in rather quick succession, the following formulations appeared:

1. In Scientific Applications Inc. v. Energy Conservation Group of America,[4.9] the court, passing upon the descriptiveness or suggestiveness (not the genericness) of the mark "Homefoamers," inverted the order and changed the metaphor as follows: "The hierarchy of marks, reflecting the availability of protection accorded by the Lanham Act, can be set out as follows: (1) fanciful (e.g., 'Kodak') or arbitrary (e.g., 'Ivory' for soap) marks are registrable, 15 USC §1052; (2) suggestive (e.g., 'Stronghold' for nails) marks are registrable; (3) descriptive (identifies characteristics or qualities such as, color, odor, function, dimensions, ingredients) marks are registrable only upon proof of an acquired secondary meaning, 15 USC §1052(e)(f); and (4) generic (identifies nature or class of articles or services) marks are not registrable, 15 USC §1064(c)."

2. In Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.,[4.12] the court in holding that "Monopoly" was not then and had never been a common descriptive term, put it as follows: "In ascending order of the protective status ac-

[4.9] 436 F Supp 354 (DCND Ga 1977). See also §98.3(b)(1).

[4.12] —F Supp —, 195 USPQ 634 (DCND Cal 1977). See also §§80.6, note 74; 88.5(b), note 34.

corded each, they are 1) generic 2) descriptive 3) suggestive and 4) arbitrary or fanciful . . . Generic terms, those which are the common descriptive name of an article or substance, can never be registered or entitled to trademark protection. Merely descriptive terms are not accorded protection either unless they have become distinctive or have acquired secondary meaning."

3. In Golden Door, Inc. v. Odisho,[4.15] the court's synthesis, here oddly enough stressing the *name* only (see §14(c) of the Lanham Act), appears as follows: "(i) Generic *names* are not entitled to trademark protection. (ii) Descriptive *names* receive protection only if they have acquired secondary meaning as denoting goods or services provided only by a particular producer . . . (iii) 'Suggestive' *names* are closely related to descriptive terms, and are protected without proof of secondary meaning if they 'require imagination, thought and perception to reach a conclusion as to the nature of goods [or services].' . . . (iv) *Names* which are fanciful or arbitrary are strong trademarks, and are entitled to the greatest protection." (Emphasis added.)

4. In Nature's Bounty, Inc. v. Basic Organics,[4.18] the court, in finding "B–100" for a vitamin product to be merely descriptive of its milligram content, and without any secondary meaning, put it thusly: "In an ascending array of protection, marks are classified as (1) generic, that is the common descriptive name, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful . . . A mark which is suggestive is entitled to protection against in-

[4.15] 437 F Supp 956 (DCND Cal 1977), citing this Treatise. See also §76.3(b)(3).

[4.18] 432 F Supp 546 (DCEDNY 1977), citing this Treatise. See also §73.1, note 98.

fringement whereas a mark which is 'merely descriptive' of the product is denied that protection unless it has become distinctive, through the development of secondary meaning. §2 of the Lanham Act, 15 USC §1052."

The above quotations only illustrate the judicial litany inspired by the Hunting World expedition. Although not wholly consistent in terminology, they are in agreement with respect to the so-called generic or common descriptive terms as a substratum of unprotectible marks. The concept of a generic mark traces its lowly origin to the "common descriptive *name*" which appears in §14(c) of the Lanham Act. If, by statute, a registered mark is subject to cancellation under §14(c) when it has *become* the "common descriptive name of an article or substance" (the precise language of §14(c)), so the argument goes, why clutter the Register in the first instance with generic common descriptive *marks* that start life (or should it be death?) in that debilitated state. Such common descriptive marks therefore, are nonprotectible and nonregistrable ab initio. In other words, the newly born mark that *is* generic should be entitled to no better treatment than an old (once fanciful or suggestive) mark which, though registered, has *become* generic (or senile); both are to be consigned to the purgatory of nonprotectibility.

The Miller court first deprived the plaintiff of the benefits of Lanham Act registration by technical knock-out. Apparently Miller's predecessor in interest, complying with the demand of the Patent Office, amended its original applications for "Lite" to expedite processing and the registrations issued to Miller's predecessor were expressly limited to "beer with no available carbohydrates." Finding, however, that the "Light" beer marketed by Heileman as well as Miller's "Lite" beer did in fact contain "available carbohydrates," the court held that the registrations were not prima facie evidence, under §15(a), of Miller's exclusive

right to the "Lite" mark on *such* beer and thereby relegated Miller's claim of trademark rights to evaluation under the common law. Without reference to that all-important acid test—the public perception of "Lite" for beer—the court took judicial notice of the fact that "alcoholic content and caloric content go hand in hand." On the strength of its premise that "light" was widely used in the beer industry to "describe a beer's color, flavor, body or alcoholic content" (which by itself might qualify it as "merely descriptive" of some function or ingredient under the definitions quoted above), the court proceeds to its conclusion: "light," being a "generic or common descriptive term as applied to beer" [by whose perception is nowhere indicated] it could "not be exclusively appropriated by Miller as a trademark," and is therefore, nonprotectible, however extensive the promotional efforts by Miller to exploit it or give it secondary meaning!

Logically, the court's syllogism lacks another premise: i.e., "light" is a generic or common descriptive term only *because the public perception accords* with the court's premise, intuitive or otherwise. True or false, it is that missing link which converts the court's conclusory finding of "genericness" from one of fact (which it should be) to one of law (which is erroneous). Whatever the intuitive reason or illogic (especially surprising after the court below had determined otherwise), the Miller court christened the new substratum "Generica" and consigned both "Lite" and "Light" to its dark and dismal depths. Dictum thus became gospel and the decision, if carried to its drily logical extreme, can seriously undermine the structure of the Lanham Act and impair some fundamental concepts of trademark law.

Neither the Lanham Act nor any of its antecedents identify anything called a generic mark. Three "descriptive" variants do, however, appear in the Lanham Act in differ-

ing contexts and for disparate purposes. The "unholy three" are:

(1) The "*merely* descriptive" *mark,* which appears in §2(e) on registrability;[4.21]

(2) The "*common* descriptive *name* of an article or substance," which appears in §14(c) on cancellation, and in §15(4) on incontestability; and

(3) The "descriptive *term or device,*" which appears in §33(b)(4) on the right to fair use of a mark, even one with a claim to incontestability.

Bypassing their many verbal differences (only some of which are underscored above), the differing temporal settings in which they appear (as evidenced by the different tenses used in each of the sections) and their widely variant purposes, it is obvious, first, that had Congress intended to bar the registration of any or all, the simple expedient of inclusion in the Index Expurgatorius of §§2(a)–(d) was available. Assuming as we must (absent legislative history to the contrary) that different terms were intended to have different meanings, it is the judicial function to interpret those apparently conflicting concepts in a consistent manner designed to effectuate such intent. No such judicial attempt has yet been made.

If the Miller court intended, as its opinion suggests, that the "descriptive" category requires further subcategorization, the gradations would appear to be as follows:

(1) "Descriptive," as it appears in §33(b)(4) presumes an existing registration. It is therefore applicable only to a *registered mark* (the right to the use of which has already

[4.21] It will be noted that the statutory phrase "merely descriptive" in §2(e) is not qualified by the word "primarily" which precedes "merely geographical" in the very same section. Does this omission mean that a "merely descriptive" mark can be descriptive either in a primary (principal) or secondary (subsidiary) sense?

become incontestable under §15) and permits fair use on the premise that competitors should have equal right to use that descriptive *term;*

(2) "Merely descriptive" in §2(e) identifies a mark which is non-registrable until "something new has been added," i.e., secondary meaning. By deduction, therefore, "merely descriptive" would register below "descriptive" but above "common descriptive" (generic) on any Richter scale of distinctiveness.

(3) The "common descriptive" mark is stigmatized at birth and in limbo forever after, with no hope or prospect of parole or rehabilitation by acquiring secondary meaning en route.

With the available subcategorization, why did the Miller court summarily condemn "Lite" to the purgatory of "Generica"? As one reads the several judicial definitions of the "descriptive" mark quoted above, it would seem that "Lite" should have qualified. Miller's "Lite" was obviously trying to say something more to the public than "beer," i.e., to describe or refer to some ingredient, component, flavor, quality, etc. Thus, it was within the "merely descriptive" and above the wholly noninformative subcategory of "common descriptive."

The Miller court was obviously less concerned with congressional intent than it was with its mythic trademark spectrum, with hues ranging from the high-beamed ray cast by the protectible "arbitrary" mark down to the sunless low of the nonprotectible "generic" mark.

Definitions are often as uninformative as the labels they generate and much of the semantic "prior art" on trademark registrability can be likened to a dog chasing its tail. The statutory definition is, of course, prospectively conceived for general application in futuro and it may not always turn out to be as prescient as subsequent developments require. Judicial interpretation is then in order but,

unfortunately, a judicial definition is often substituted for such interpretation and too often is conceived retrospectively to rationalize a determination already made. Using a label to define a label only compounds the error and obscures the issue. We can accept the commonplace that every generic word is common but every common word is not necessarily generic, but that turn of phrase avails us nothing. To call a term "generically descriptive" or to say that a word is a generic term descriptive of a product[4.24] is circular in the extreme. It would be like saying: "A definition is something that defines something." But why beat a dead dog—especially one that died chasing its own tail?

It might be helpful here to refer to another recent judicial variation on the same theme. In Waples Platter Co. v. General Foods Corp.,[4.27] the court offers the following formulation: "Trademarks are characterized as running from strong to weak. The relative strength of a trademark is but a legal shorthand for the breadth of protection to be afforded the mark and is based ultimately on the consumer's recognition of the trademark as the hallmark for a particular source of a product or a type of products . . . The traditional analysis of the relative strength of a trademark is twofold. The first stage is to characterize the mark as 'weak' or 'strong' based solely on an investigation of the mark itself. If a mark is 'generic' (by virtue of including the proper *name* of the product or of an essential ingredient), it is clearly weak. Conversely, if a mark is 'arbitrary or inventive' (by virtue of being completely nondescriptive or by use of a fanciful name), it is clearly strong. Other marks fall into a nebulous middle ground ranging from suggestive (strong) to descriptive (weak).

[4.24] Ductile Iron Society v. Gray Iron Foundries Soc., Inc., 201 NE2d 309 (Ohio Com Pl 1964). See generally §§70.4 and 74.1.

[4.27] 439 F Supp 551 (DCND Tex 1977). See also §80.5, note 73.4.

Appendix H

A trademark is descriptive if it conveys to potential consumers the characteristics, functions, qualities, ingredients, properties, or uses of the product."

Miller's "Lite," of course, might have qualified under that court's definition of the descriptive trademark in the sense that it was attempting to convey to "potential customers" some characteristic, function, quality, ingredient, property or use of the product. Under that formulation, while a generic mark is deemed "weak," a "descriptive" or "merely descriptive" mark would be somewhat stronger by virtue of being more informative than a "common descriptive" or generic mark. ("ale" for "beer" would obviously be generic but anything that is not a synonym for "beer" should be judged otherwise.)

In any event, the Miller court defined the generic mark as ". . . one which is *commonly* used as the name or *description* of a kind of goods." (Emphasis added.) Here again note the circularity in defining a term with the very words at issue—"common" and "descriptive." As any semanticist will attest, it is hopelessly unproductive to define an imprecise word with other imprecise words. Labels are tyrannical and the fault lies neither in the stars (nor the spectrum) but in ourselves. The more important question remains: How should a court determine where a mark falls within its own formulation? In an earlier case, the Seventh Circuit itself proclaimed: "[T]he line between descriptive and suggestive marks is scarcely pikestaff plain."[4.30] If that line is so indistinct for marks in those

[4.30] Union Carbide Corp. v. Ever-Ready, Inc., 531 F2d 366 (CA 7th, 1976). There the court also conceded that the registration of a mark, without requiring proof of distinctiveness, indicates that the Patent Office "must have concluded that the mark was not "merely descriptive." (That benefit was denied to Miller by the court's restrictive reading of the original and "limited" registrations.) The very difficulty of drawing any lines of distinction, "pikestaff plain" or otherwise, the court noted, "emphasizes the need to give due respect to the determinations of the patent office if the distinction is to be drawn in a consistent manner."

discrete categories, then certainly the lines between the "common descriptive" mark, the "merely descriptive" mark, and the "descriptive" mark must surely be gossamer stuff. Indeed, as that very same opinion goes on to say, "pikestaff plain" or no, the distinction is "difficult to draw and is, undoubtedly, often made on an intuitive basis rather than as the result of a logical analysis susceptible of articulation"

In making the determination, the courts have admonished against reliance upon dictionary definitions and "hypertechnical philological analysis," suggesting in lieu thereof the determination of "whether a certain mark is a singularly appropriate word for conveying information with respect to the nature" of the product in question.[4.33] Regrettably, the admonition appears to have been more honored in the breach than in the observance and, following precedent, we do likewise here with respect to some of the possible and many-splendored meanings of "light" and its phonetic equivalent "lite."

[4.33] American Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F2d 3, 11 (CA 5th, 1974).

The Miller court's citation of, and heavy reliance on, dictionary definitions, chemical technology reference works and state statutes is all the more mystifying. What lies buried on the desks of bureaucracy or in the depths of esoteric expertise is obviously not what the public knows, assumes or bases its perceptions on. Cf. In re Maximedia Corp., 196 USPQ 335 (TTAB 1977) (contrary administrative interpretations and possible adverse action will not bar the issuance of a trademark registration).

Equally surprising is the court's citation of Philip Morris, Inc. v. R. J. Reynolds Tobacco Co., — F Supp —, 188 USPQ 289 (DC SDNY 1975), which ordered the cancellation of "Lights" as a brand name for Marlboro cigarettes. Is one to assume, from the court's reference, that "light" cigarettes were also represented to be "less filling" or "low caloried" with or without "available carbohydrates" or that the public so understood it? Or it is to be assumed that "light" for beer meant low tar and nicotine? Obviously, as Judge Friendly noted in Hunting World, the same word has different meanings in differing contexts.

Appendix H

"Light," denoting a form of radiant energy, is used as a general term for any luminous effect discernible by the eye, from the faintest phosphorescence to the blaze of the sun. As a noun, it may be associated with bulbs, neon tubes, fire and all forms of illumination. As a verb, one can light candles, light up, on, in, into or out. As an adjective, it may mean pale, airy or even short of funds. One can be lightfingered or lighthearted and trip the light fantastic from light opera to light quantum. In the building trade, light is a window and in our sexually liberated society it is even a synonym for "gay."

The foregoing list, less extensive than it is illuminating, is offered to "highlight" a basic issue. The meaning of "Light" in any context ultimately turns (again, seriously, and with no puns intended) upon the "light" (context) in which it is used and by whose "lights" (perceptions) it is being interpreted. The answer, of course, lies in the public perception, as the court views it, of each such usage in its particular frame of reference and not in the court's *own* perception of, or intuitive reaction to, how the public *should* view it.

For lamps, "light" may well be generic; for the name of a bank or insurance company, it may well be arbitrary. Context is all-important. "Light" for a brew could just as readily have been interpreted as a term which to the public meant an ale, light in color as contrasted with a dark malt. Intuitively or otherwise, however, the Miller court equated "lite" and "light" with "less filling, low calorie beer," without reference to the public's perception of that usage.

On the permise that "light" has been widely used in the beer industry for many years to describe a beer's color, flavor, body, or alcoholic content, the court cited Webster dictionary references and concluded that "light" as an adjective "is clearly a common descriptive term when used

with beer." With Humpty-Dumpty's logic, the Miller court, in effect, says that a word means exactly what I say it means, neither more nor less; i.e., "light" is generic because we say that it is a common descriptive in the trade. But what may be, arguendo, generic, in or to the trade, is not necessarily generic to the consuming public whose perceptions of a trademark are the only true measure of its viability as such. In the italicized portion of Judge Friendly's observations in Hunting World quoted above, he pointedly acknowledges that a term which is generic in one context may not be generic in another context because of differences of usage in time or product, differences in meaning to different users, and even different usages with respect to the same product. And even more significant in his subsequent statement that "*A term may thus be generic in one market and descriptive or suggestive or fanciful in another.*" Again, we ask by whose "lights"?

Although rules of thumb are invitingly seductive and easier to apply, the law of trademarks must be more flexible than rigid. When a label is used as a stamp of identification, it becomes a fiction, and fictions should be alien to the law of unfair competition which is so strongly rooted on equitable principles and the balancing of conflicting interests. Every trademark contest, whether related to registrability or the likelihood of confusion, must be appraised in its specific frame of reference and by the "lights" of those who are principally affected—the consuming public. As we have come to appreciate, in the administration of justice, the ad hoc approach has always been more beneficent and rewarding than the absolutism of a per se rule.

Oddly enough, the Seventh Circuit, in a decision handed down the very same day as Miller, but amended after rehearing,[4.36] held that the trademark "Arm & Hammer" had not become "generic" for baking soda and quoted the following language from Feathercombs, Inc. v. Solo Prod-

[4.36] Helene Curtis Industries v. Church & Dwight Co., 560 F2d 1325, 1332 (CA 7th, 1977). See also §15.3(e)(5), note 98.60.

ucts Corp.[4.39] "A mark is not generic merely because it has *some* significance to the public as an indication of the nature or class of an article . . . In order to become [or be] generic the *principal* significance of the word must be its indication of the nature of class of an article rather than as an indication of its origin." (Emphasis in original.) One is tempted to speculate whether Miller's "Lite" would have satisfied that judicial test had the case been argued before that panel of the Seventh Circuit.

With respect to a mark *becoming* (as opposed to *being*) generic there is much learning and the cancellation provision of §14(c) is, of course, cast in that mold.[4.42] Whatever the "spectrum," "hierarchy" or other "generic" predicate for the classification of trademarks from weak to strong, the fanciful or arbitrary trademark always gets top billing. But, anomalously enough, it is those veritable Kilimanjaros among trademarks which are most frequently brought low and lose their trademark viability by virtue of common usage. Despite their star rank for distinctiveness on every scale, it is those marks which are the most vulnerable to loss of stature, and the sad fate of such once proud and powerful arbitrary marks as "aspirin," "thermos," "cellophane," "escalator," and "frigidaire," to name only a few, is too well known to warrant further discussion here.

Understandably, the coined or fanciful mark is the most likely victim of §14(c) capital punishment. Coveting its advertising image and strong promotional appeal, jealous competitors will be quick to move offensively to the claim that a newly minted term with wide acceptance has become the common descriptive name for the product they all sell. Conversely, the continuing distinctiveness or "genericiza-

[4.39] 396 F2d 251, 256 (CA 2nd, 1962), cert den 371 US 910 (1962).

[4.42] See §74.2 supra. See also note 4.17 infra and §§97.3(c)(2); and 98.8(b)(3).

tion" of other registered marks, especially those with secondary meaning, is usually challenged only by way of defense to an infringement action. By distorting §14(c) into performing a service for which it was neither conceived nor intended, the Miller court may have exposed all secondary meaning marks (those which were "merely descriptive" in limine—whether registered or not) to retroactive invalidity! Surely, that was not intended.

The court's decision, of course, only denied the plaintiff the preliminary injunctive relief granted by the court below, and in that sense the judicial door is theoretically still ajar for a hearing on the merits. But it cannot be denied that, like the opprobrious mark of Cain, once the disabling "generic" stamp has been affixed, whether judicially or administratively, the stigma may be ineradicable. Time, of course, runs against the claimant, if only by virtue of the continuing competitive use of his mark pendente lite. Thus, the resolution of an immediate threshold issue may translate itself into an ultimate disposition. Once a court has ruled, as a *matter of law,* on the "genericness" of the mark at issue, it is not unreasonable to assume that a motion to dismiss is likely to have more tactical success than merit. Thus, the claimant may never get a fair opportunity to establish secondary meaning and qualify his mark under §2(f). Surely, the Circuit Court in Miller did not intend to undercut the Lanham Act so seriously.

As the Seventh Circuit said in Ever-Ready: "The chief inquiry" [in determining secondary meaning] focuses on the "purchasers' attitudes toward a mark." But the burden of proof imposed on the claimant in this regard may well be insuperable after the generic tag has already been affixed to the mark. A court may find it easier, and certainly more dispositive, to apply the generic label to a mark than to classify it as "merely descriptive." Then again: "It is easier to establish secondary meaning where the term used, while descriptive, is not generic." Although

that quotation from Ever-Ready seems to suggest that even a mark which has already been labelled generic can qualify, albeit with much more difficulty, under §2(f), the exegesis which accompanies most of the formulations quoted above clearly indicates the contrary, i.e., that the common descriptive or generic mark is genetically doomed at inception and is therefore hopelessly beyond redemption.

If, on the other hand, taking the above-quoted statement from Ever-Ready at face value, the generic tag is not the tocsin for the "Final Solution," then further inquiry must be made to determine whether the mark qualifies for protection or registration within any accepted litany. The Miller decision of course deferred that inquiry to the trial on the merits, but under a dark and cumulo-nimbus cloud which the hue of "Lite"—even based on the public perception thereof—may never be able to penetrate.

Turning back to Judge Friendly's comments in Hunting World, the italicized portion quoted above allows that even a generic term can *become* descriptive (is this the reverse side of the §14(c) coin?), if by public acceptance and specific use it acquires *some* descriptive, or "merely descriptive" import.[4.45] Literally read, however, the Miller opinion allows of no such possibility and therefore may deprive every mark of descriptive import ("merely," "clearly," or "nearly"—"primarily," "principally," or "generically") of the period of incubation and intensive care expressly prescribed by §2(f) of the Lanham Act for the curative development of secondary meaning. Without any real hope of such salvation, the generic appellation will be its death knell ab origine.

Antagonism to the registration of "descriptive" or "merely descriptive" terms stems, of course, from the

[4.45] See, e.g., Albers Bros. Milling Co. v. Acme Mills Co., 171 F 989 (DC Ore 1908). By common use, the generic word "cream" became a "descriptive term to denote the first quality." Indeed, it has even, on occasion, risen to the dizzying heights of the "suggestive" hue in the spectrum; see §71.2 supra.

festering fear, which the Miller court openly admits, that a registrant may thereby acquire an exclusive right to the use of words in the lexicon which should be equally available for use by his competitors. The short and simple therapy for such monopolophobia is contained, of course, in §33(b)(4), which provides that any good faith fair use of descriptive words (even those contained in a mark with incontestable rights) is a complete defense to a charge of infringement.[4.48] With such protective cover, one wonders why the Miller court resorted to the blunderbuss. Hunting small game with an elephant gun has never been regarded as good sportsmanship.

It is to be hoped that the apocryphal valley, where once proud and fanciful marks go to die when they become generic, will not become an open graveyard for all descriptive and merely descriptive marks which, having been infected by the generic syndrome at conception, are consigned to stillborn death en ventre or premature death en route. Genericide is "cruel and unusual punishment" and it is to be hoped that the invocation of that extreme sanction, as the Miller court conceived it, will be an enigma to be pondered rather than a precedent to be applied.[4.51]

[4.48] See generally §85, infra.

[4.51] The attack on the generic (nee common descriptive) mark can also come from another quarter. On June 1, 1978, the Federal Trade Commission authorized its first petition under §14(c) in the Patent and Trademark Office "to cancel or restrict" a trademark registration. The petition charges that the mark "Formica" has become the common descriptive name for plastic laminates and the Commission's public release reads as follows:

"A trademark is considered to be generic *when the general public* uses it to describe a *class of products* rather than identify a particular brand or manufacturer. Because only the holder of the trademark may use it, when a trademark becomes generic competitors are prevented from using the term that appropriately describes their product to consumers. Thus, generic trademarks potentially create consumer confusion about the true nature and comparative value of competing products." (Emphasis added.)

Justifying the FTC's role as surrogate for the public interest, Commissioner Dixon noted that an individual businessman might be reluctant to challenge his rival's use of a generic mark because all other competitors would then get a "free ride" at his expense.